

The Department of State

bulletin

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Hungary: A Case History of Soviet Economic Imperialism

by Howard J. Hilton, Jr.

On February 19, 1946, a Soviet official appeared at the offices of the Hungarian Bauxite Mines, Inc., at Budapest and informed the board of directors that he had come to take control of one-third of the company's share capital. These shares had formerly belonged to German investors. His justification of this action was the Soviet interpretation of the provisions of the Potsdam Agreement, by which the Western Powers had renounced any claim to German assets in Hungary in settlement of reparations from Germany.¹

At this time, the Hungarian Government was not Communist-controlled, although a militant Communist minority exploited every opportunity to build up its own power. The Soviet Union had discovered that a very effective means of strengthening the Communist minority was to create conditions of poverty and economic chaos. Soviet demands for German assets, reparations, war booty, and occupation costs did much to create such conditions and bring about the collapse of the Hungarian economy in 1946, thus facilitating Communist seizure of the Government in mid-1947.

Even so, the Soviet Union could never have carried out its vast program of economic exploitation without the full support of Communist leaders within the Hungarian Government who were then, and are still, completely subservient to Moscow. Most of them were trained in Moscow; many are even now Soviet citizens.² Faced by Soviet pressure on one side and betrayed on the other by agents of the Kremlin within Hungary, the democratic elements in the Hungarian Govern-

ment were confronted by powerful forces in resisting Soviet demands.

Typical of many valiant but futile attempts at resistance was the stand taken by the Hungarian Bauxite directors. They courageously replied to the Soviet official that in their opinion the Potsdam Agreement entitled the Soviet Union only to *net* German assets in Hungary; since their claims against German debtors, upheld by a court judgment, greatly exceeded the value of the German-owned shares, they could surrender the German shares only after their company's legal claims had been fully settled.

The Soviet representative answered that it was not merely a question of Soviet acquisition of the German-held shares; he was also commissioned to begin negotiations to transform the company into a joint Soviet-Hungarian enterprise. A provision for the establishment of joint companies of this nature was included in an economic collaboration agreement which Erno Gero signed on August 27, 1945, contrary to instructions from the Hungarian Government. The ostensible purpose of such companies was the "reconstruction and development of Hungarian production capacity."

The directors assured the Soviet official that their firm needed neither the capital nor the technical assistance which the Soviet Union offered; Hungarian Bauxite was a vertical trust and possessed all facilities necessary for the mining of bauxite ore and the processing of finished aluminum products.

To these arguments, the Soviet official's reply was that if Hungarian Bauxite Mines were not converted into a joint Soviet-Hungarian company, his Government would dismantle the firm's power plants and rolling mills and ship them to the

army, serving as political adviser to the Soviet High Command. Later he became Secretary of the Hungarian Supreme Economic Council and virtual economic dictator of the country. Erno Gero, another Moscow-trained official of the present regime, signed many of the economic agreements by which the Soviet Union has exploited the Hungarian economy.

¹ See *Germany 1947-1949, The Story in Documents*, Department of State pub. 3558, 1950, pp. 50-51.

² Among those who are Moscow-trained is Matyas Rakosi, the most powerful figure in Hungary and Secretary General of the Communist-controlled Hungarian Workers Party. He went to Moscow in 1940 and became chief of the Hungarian section of the Comintern. He returned to Hungary with the Red army in 1944. Another influential Moscow-trained official is Zoltan Vas. Like Rakosi, he returned to Hungary in 1944 with the Red

Soviet Union as reparations. Since the directors declined to submit to this threat, Soviet pressure was applied against the Hungarian Government itself, which was compelled to accept the Soviet representative's view that by the terms of the Potsdam Agreement the U.S.S.R. was entitled to the German-owned shares of the Hungarian Bauxite Mines. At a meeting 4 days later, on February 23, officials of the Ministries of Finance and Industry had to inform the directors of this view and advise them that if the company did not reach an agreement with the Soviet representative, the Government would be forced either to nationalize the entire Hungarian bauxite-aluminum industry or to obtain control of the company by converting into shares a large credit which had been advanced to the company by the Hungarian Treasury.

The officials added, significantly, that the Hungarian Government would be "in a very awkward situation vis-à-vis the Soviet Government" unless agreement was reached.

On March 6 at a conference with Soviet officials and a representative of the Hungarian Minister of Industry, the directors presented a counter-proposal, which the Soviet officials rejected. During the meeting, the representative of the Minister of Industry produced one draft decree providing for the nationalization of the bauxite industry and another requiring the conversion of the company's debts to the Treasury into shares.

The Soviet representative requested the directors' final reply not later than March 9. He observed, in passing, that he was in a position to paralyze Hungary's entire bauxite industry by the simple expedient of hindering the importation of essential chemicals.

In view of this heavy pressure placed upon them and their Government by the Soviets, the representatives of the majority stockholders had no alternative but to comply with the Soviet proposals. Joint Soviet-Hungarian bauxite and aluminum companies were formed on April 8, 1946, with the following objectives:

"... the acquisition of mines through purchases or rental agreements and development of mines, the mining of all sorts of useful minerals, especially bauxite, the production of alumina, aluminum hydroxide, aluminum, aluminum alloys, also the manufacture of all products enumerated as well as the organization of all sorts of industrial enterprises."

The Soviet contribution to the joint companies consisted of former German-owned shares in three of Hungary's largest aluminum and bauxite companies, one of them the Hungarian Bauxite Mines, Inc.

The process by which one company was swallowed up illustrates the piratical nature of Soviet operations in Hungary during the 2 years after World War II. Hungarian Bauxite is a particularly significant example, because Hungary before

the war had been Europe's second largest producer of bauxite and had exported approximately two-thirds of her available supply. Although the 1947 production was only 38 percent of the 1938 total, Hungary continued to export about two-thirds of her supply. In that year the Soviet Union received about 90 percent of these exports. Thus, less than half of the production of Hungary's bauxite deposits, which are among the largest in existence, was available to the rest of the world.

The case history of the Hungarian Bauxite Mines, Inc., is of particular interest also because it illustrates several of the varied techniques which the Soviets used in their vast program of penetrating Hungarian industry.

Premeditated Exploitation

The basis for this penetration of Hungarian industry and the ultimate domination of all aspects of Hungarian life was achieved by a premeditated policy of exploitation. First, the Red army ravaged the countryside, removing cattle, horses, food, wagons, railroad equipment. Then began the systematic stripping of Hungary's industrial equipment. Whole factories were dismantled and shipped to the Soviet Union as "war booty." No record was kept of most of these removals, and the Hungarian Government was never able to gain credit for them as reparations.³

In carrying out the reparations provisions of the armistice, the Soviet Union was solely concerned with obtaining as much as possible for itself. The commodities most needed in Hungarian reconstruction were shipped to the Soviet Union.

The Soviet Union drove many hard bargains and always managed to get the most for its reparations dollar. One favorite device was to set a very low dollar price on the goods which it was to receive. Since the value of reparations was expressed in dollars, the lower the price charged for a commodity, the greater the amount of the commodity that would be shipped.

Reparations shipments continued on a large scale, and provided the Soviet Union with its best means for the direct exploitation of Hungary. Reparations also provided an effective instrument for indirect exploitation. From the beginning, Soviet authorities participated in the organization and direction of industry engaged in producing reparations goods. In this way, Soviet experts acquired an inside knowledge of Hungarian industrial organization and techniques which stood the Soviet exploitation program in good stead. Also, the presence of Soviet overseers in key in-

³ In one case where records were kept, the Red army removed the machinery for the production of radio tubes and light bulbs from the Tungsram Co. The Hungarian Government obtained receipts representing equipment valued at 12 million dollars. When the Hungarians later attempted to receive a credit for this amount, the Soviet Government refused even to discuss the matter.

dustries made much easier the task of extending Communist economic and political doctrine.

Distortion of the Terms of the Potsdam Agreement

By section III of the Potsdam Agreement of August 2, 1945, the Western Powers renounced their claim to former German assets in Hungary as one form of reparations from Germany. This provision was designed to satisfy in part legitimate reparations demands against Germany from "appropriate" German external assets. The fact that the agreement specified that German assets in Hungary should be one form of Soviet reparations from Germany did not mean that the Soviet Union was empowered to take over these assets whenever and however it pleased. The Allied Control Council for Germany was made responsible for actually transferring the assets. Law no. 5 of the Council created a German External Property Commission, composed of representatives of the Soviet, American, British, and French Governments. This Commission was given title to property outside of Germany owned or controlled by German nationals. According to Law no. 5, German assets could be disposed of only by directives issued by the Allied Control Council to the External Property Commission.

The Soviet Union disregarded the authority of the Allied Control Council for Germany. It took over whatever assets it desired, without waiting for authorization. Its policy was to avoid any definition of what constituted a German asset. By keeping the concept loose and flexible, Soviet negotiators were able to shift their interpretation to suit the circumstances and thus to confiscate a maximum amount of property. By refusing to acknowledge legitimate claims against German shareholders, as in the case of Hungarian Bauxite Mines, Inc., they managed to acquire net assets without burdening themselves with the liabilities.

Victims of similar tactics include:

(1) The Hungarian Siemens Works, an electrical equipment firm which was a subsidiary of the German Siemens concern. The latter company was not entirely German-controlled, yet the Soviets claimed that its Hungarian subsidiary was German property and hence subject to transfer to the Soviet Union.

(2) The Hungarian General Credit Bank, 16 percent of whose stock was held before World War II by French interests. After the fall of France, the Germans forced the transfer of the French-held stock to the Dresdner Bank in Germany. Despite the fact that the United Nations Declaration of January 5, 1942 (to which the Soviet Union had been a principal signatory) specifically denied transfers of property occurring after German occupation of a country, the Soviets obtained the former French interest in the bank. They also acquired the two percent of the bank's

shares which the Germans had confiscated from Austrian Rothschild interests.

(3) The Danube Navigation Company. This Austrian concern was taken over as a German asset and amalgamated with the joint Soviet-Hungarian Navigation Company. In this case the victims included not only the former shareholders of the company but also the people of the city of Pecs in Hungary. In 1859 the city had sold its coal mines to the company in exchange for a yearly supply of 400 wagons of coal, to be given it at cost price. The new joint company refused to honor the contract with Pecs, whose coal supply was cut off as a result; the pretext was that the joint company, while enjoying the "German" assets, was not responsible for its liabilities.

Soviet-Hungarian Companies in Key Industries

Joint companies established in the fields of aviation, shipping, petroleum, and bauxite and aluminum have proved the most effective of all the methods used by the Soviet Union to penetrate and control the Hungarian economy. The pattern is generally the same for all these companies: ownership, on paper, is divided equally between the U.S.S.R. and Hungary. The Soviet contribution consists of former Hungarian assets acquired through requisition or as reparations, and of former German assets seized under the Potsdam Agreement. The chairman of the board of directors is Hungarian, but the general manager, who has complete responsibility for the actual operations, is always a Soviet national directly appointed by the Soviet Government. The general manager's duties include the conclusion of agreements, the negotiation of banking transactions, and the hiring and firing of employees.

Decrees issued by the Hungarian Government under Soviet pressure on April 12, 1947, exempted the joint companies from many of the taxes imposed on all other Hungarian business concerns. In addition, the crude oil producing company was granted a special exemption from any new taxes which might replace the existing ones, and the joint navigation company, the bauxite and aluminum companies, and the civil air company were given the right to import goods without import licenses or payment of duties.⁴

The establishment of these companies gave the Soviets a strangle hold on key Hungarian industries. The shipping company, for instance, holds leases on the harbor facilities of Csepel, the free port for Budapest, and docking facilities on the Danube in Germany, Austria, and Hungary. Thus, the Soviet Union can in effect deny the use of Hungarian waters to ships of any company or nation.

⁴Decrees No. 7710/1946 M. E., 24,690/1946 M. E., 14/480/1947, Korm, 4210/1947 M. E., 4220/1947 M. E., 4230/1947 M. E., 4240/1947 M. E., 4250/1947 M. E., published in the *Hungarian Official Gazette*.

"An Invaluable Political Gain"

In the same way, the air transport company has given the Soviet Union virtually monopolistic control over the civil airfields of Hungary, over the personnel flying the planes, and over the company's communications system. Only the Soviet Union and its satellites have agreements with the Hungarian Government permitting flights into or over Hungary.

In 1948 when the Hungarian Government proposed that the aviation company's large deficit be shared equally by the two partners to the company, the Soviets refused on the ground that the deficit had been incurred "in the interest of Hungary." The Soviet representative explained "The existence of this company protects Hungary against possible claims by other countries and from annoying interference from abroad, which in itself is an invaluable political gain."

Influencing Hungary's Foreign Trade

As has been pointed out, over half of Hungary's bauxite exports went to the Soviet Union during the year following the formation of the joint company. This trend toward increased export to the Soviet Union, and to its satellites, is typical of Hungary's entire postwar trade situation. In 1937, 13 percent of Hungary's exports went to Eastern Europe; by 1946 the proportion had increased to 58 percent. Owing to surpluses of agricultural products available for export to the West, the percentage dropped to 44 in 1948, but the percentage of exports to the Soviet bloc began to rise again in 1949. According to Andor Berei, then Secretary General of the Communist-dominated Hungarian National Planning Office, the countries of the Danube Valley should transact 65 percent of their foreign trade between themselves and with the Soviet Union.⁵ Indications are that in the case of Hungary this goal will be reached if not exceeded.

Largely as a result of Soviet disruption of the Hungarian economy, exports of bauxite in 1947 were 85 percent below the 1938 tonnage, and other commodities showed a similar decline. Grains and livestock, which accounted for almost half of the value of Hungary's prewar exports, fell to about one-tenth of the total value of exports in 1947. Iron and steel products were almost 75 percent below the 1938 tonnage, and machinery and electrical products were a small fraction of prewar value.

The nature of Hungary's foreign trade also has altered drastically. Industrial products represent a much larger proportion of total exports than before the war, despite Hungary's need for such products in her own reconstruction. In addition to supplying iron and steel, machinery,

vehicles, and other industrial goods as reparations, she has furnished increasing quantities as exports to the less highly industrialized countries of Eastern Europe and to the Soviet Union. Hungary's imports have undergone corresponding changes. An increasing percentage has tended to be raw materials for the manufacture of goods to be exported to Eastern Europe: coal and iron ore for the production of iron, steel, and machinery; raw cotton for cotton fabrics; and lumber and paper material.

Tomato Paste and Feathers for the West

The inevitable result of the concentration of trade in the direction of Eastern Europe is that Hungary has nothing left to offer the countries of Western Europe in exchange for the valuable manufactured goods previously obtained from them. With most of her bauxite, petroleum, and iron and steel going to the satellite countries, Hungary can export to the West little more than such items as poultry, paprika, tomato paste, and feathers.

Reliable figures are not available on the price relationships between the goods Hungary exports to the Soviet Union and the satellite countries, and those she buys in exchange. However, Hungarians who once occupied important positions in the Hungarian Government have revealed that the Soviet Union always used its dominant position during the negotiation of trade agreements to obtain Hungarian articles at low prices, while at the same time obtaining the best possible prices for its own products. Communists with important posts in the Hungarian Government played their usual role of forcing the Hungarian Government to agree to Soviet demands.

One agreement, of which the details are known, stipulated that the Soviet Union would furnish Hungary 400,000 metric tons of coke. The Soviets had bought the coke in Poland, paying \$17.50 per ton; they had forced the Poles to pay transportation from the mines to the Polish border, with the result that Poland actually received only \$13.25 per ton. The Soviets then sold the coke to Hungary for \$23 per ton, at a time when high grade coke could be purchased in the U.S.-U.K. zones of Germany for \$19.50 per metric ton. The profit to the Soviet Union from this transaction was more than \$2,000,000.

Besides paying unfair prices, Hungary in some instances purchased at Soviet insistence commodities which were nonessential to her economy. One such case was a 5-year agreement for the purchase of tobacco, which Hungary did not need and only a small quantity of which she was ever able to reexport.

Workshop for the Soviets

The systematic exploitation of Hungary has brought rich rewards to the Soviet Union in the

⁵ "Planned Foreign Trade in the Danube Valley," *Magyar Kulkereskedelem*, Feb. 28, 1948.

years since World War II. Hungary has become, in effect, a workshop for the Soviets, supplying them with needed capital equipment, industrial goods, and agricultural products in quantities which make little allowance for Hungary's own needs.

During the period immediately following the end of the war, Hungary's non-Communist leaders, despite the risks involved, frequently put up strong resistance to Soviet pressure tactics and sometimes managed to obstruct, if not completely frustrate, Soviet stratagems.

This situation was not satisfactory to the Soviet economic imperialists, whose future plans required a Hungarian Government completely subservient to Moscow. By exerting pressure through the presence of the Red army, by fomenting inflation and economic chaos, and by aiding the Communist minority, the Soviet Union had created conditions which enabled the Communists to come to power in August 1947. Since that date, the Soviet Union has steadily tightened its grip on all phases of Hungarian life, including of course the economic.

With a Communist-controlled Government in power, the Soviets hastened to complete their domination of the Hungarian economy. By one of three secret agreements signed December 9, 1947, the joint Soviet-Hungarian companies were converted into Soviet monopolies, devoted exclusively to supplying the needs of the Soviet Union and its other satellites. A second agreement forced Hungary to pay the Soviet Union 45 million dollars in settlement of a completely fictitious Soviet claim based on debts of Hungarian nationals to German nationals. Two-thirds of this huge sum was to be invested in approximately 200 Hungarian enterprises in which the Soviet Union had an interest; the remaining 15 million dollars was to be paid in goods shipped to the Soviet Union over a 4-year period. The third secret agreement legalized the Soviet practice of taking over the assets of former German enterprises in Hungary without assuming their liabilities.

The virtual enslavement of Hungary makes her obedient to any pressures which the Soviet Union may choose to exert. Before the Communist coup, Hungary took steps in the direction of participation in postwar international organizations and of expanding her trade relations with the countries of the West, but each time the Soviet Union put insurmountable barriers in the way. By their actions in Hungary, the Soviets have given further evidence of their flagrant disregard for any treaties and agreements which fail to serve their objectives—in this case, the Yalta Agreement. This fact was stated explicitly in a United States note of September 21, 1946, which was sent to the Soviet Government following a series of U. S. notes

of protest dating from October 1945. After referring to the impossibility of obtaining agreement between the two Governments on the Hungarian economic situation, the note concluded with an expression of regret that "the Soviet Government not only has refused to implement the undertaking freely assumed at the Crimea Conference, but moreover has failed to indicate its reason for so refusing."⁶

Against this background, the following Soviet statement of policy on the subject of economic exploitation, issued just before World War II, makes ironic reading:

Capitalist countries as a rule built up their heavy industries with funds obtained from abroad, whether by colonial plunder, or by exacting indemnities from vanquished nations, or else by foreign loans. The Soviet Union could not as a matter of principle resort to such infamous means of obtaining funds as the plunder of colonies or of vanquished nations.⁷

If there ever was an imperialist nation, it is the Soviet Union, and Hungary now is one of its exploited colonies. The process by which Hungary was reduced to this status is one that the Soviet Union may be expected to apply, with appropriate modifications, to any area which may come under its influence. All promises and statements of policy to the contrary are but empty and meaningless words.

The Soviet Union can be counted upon to support indigenous Communist parties and to use every economic and political means, supported in some cases by military force, to establish its puppets in power. The elimination of all opposition and the purges and trials even of Communists and Communist collaborators who no longer effectively serve Soviet objectives represent the final stage, which Hungary has now reached. The present Hungarian leaders willingly obey every order from the Kremlin. The economic arrangements, having served their purpose, are now replaced by this pervasive political control.

To be forewarned is to be forearmed. Hungary affords an example of a process that is now completed also in Bulgaria, Rumania, Czechoslovakia, and Poland. It has begun in China. Perhaps the Chinese people can draw the moral from this story.

⁶ BULLETIN of Oct. 6, 1946, p. 638. See also BULLETIN of Aug. 4, 1946, p. 229, and BULLETIN of Aug. 11, 1946, p. 263.

⁷ *History of the Communist Party of the Soviet Union, Short Course*, edited by a Commission of the Central Committee of the C. P. S. U. (B), International Publishers Co., Inc., New York, 1939, p. 281.

• *Mr. Hilton, who is now an international relations officer in the Office of Western European Affairs, served as assistant commercial attaché at Budapest from 1947 to 1949.*

A New Approach to International Security

*Statement by Nelson Rockefeller*¹

[Excerpts]

During the war I was Coordinator of Inter-American Affairs, which worked in Latin America in the field of economic and social cooperation and carried on the information program in that area for the United States Government. That was for 4 years.

The office was an independent agency, reporting to the President, but working closely with the State Department, which naturally has a direct bearing on the problems before the committee now.

Then I was a year in the State Department as Assistant Secretary for Latin-American Affairs, working with the operating agencies outside the State Department.

Thus I had the opportunity of seeing these relationships from the departmental point of view.

Since the war, as Congressman Herter says, my brothers, and I have been doing some experimental work in private development of the production, procuring, and distribution facilities of underdeveloped countries both on a business basis, and also working through two philanthropic organizations we set up in some of the basic service areas.

These provide agricultural and nutrition services in collaboration with two foreign Governments—Brazil and Venezuela. Last fall the President asked me if I would take the chairmanship of the Advisory Board on International Development, which was set up by the Congress in connection with the Act for International Development.

The President also asked if the Board would prepare a report on international development, which we did. There were 13 members of the Board and the report reflects the unanimous conclusion of all, after study with a very competent staff. It has been published under the title, "Partners in Progress."² It was made public by

the President, and later published by Simon and Schuster as a book.

That briefly, is the background, Mr. Chairman.

I would like to speak first, if I may, on certain specific phases of the Mutual Security Program bill, primarily economic cooperation in the underdeveloped areas, and the economic interdependence between Europe, the United States, and the underdeveloped areas.

Then I would like to speak to the question of money—how much, and the question of organization—how to get the maximum efficiency from the program which is before you.

I think perhaps one of the questions which must be in the minds of everybody here—and I know it is in the minds of a great many people in the country—is, Why should we be worried about the problems of international development at a time when we are so concerned with our own national security. When we have to spend so much money on our own security problems, how can we afford to be concerned about international development?

The Basis of Our National Security

It seems to me that the answer to these questions is really the crux of the problem before us. In order to find the answer, I think one has to examine the question of what is the basis of our national security. Then find the relationship of our national security to international development.

To do that, I have broken down the question of our national security into its two component parts: First, economic and social security—the standard of living, the well-being of our own people—their opportunity for the future; and second, military security of our country—the defense of our freedom.

I should like to speak on the economic and social aspect first, stressing some facts which may throw some light on the problem before us.

As a nation we have 6 percent of the population of the world and 7 percent of the land area of the world. Just before the last war we produced

¹ Made in support of the Mutual Security Program before the House Foreign Affairs Committee on July 17, 1951. Reprinted from *The Mutual Security Program*, Hearings before the Committee on Foreign Affairs, House of Representatives, on the Mutual Security Program.

² *Partners in Progress, A Report to the President by the International Development Advisory Board*, March 1951. For sale by the Superintendent of Documents, 40¢.

about 33 $\frac{1}{3}$ percent, a third of the world's manufactured goods, and we produced about 33 $\frac{1}{3}$ percent of the raw materials of the world. The two had been in balance. I have an interesting statistical chart showing that growth of production, industrial goods, and raw materials from 1899 to 1940.³

It shows a comparable increase in production of both raw materials and manufacturing capacity from 1899 to 1940. Then the next chart shows a very interesting fact which took place after the war, that is, that the growth of our manufacturing capacity moved ahead of our raw material production. So that today in 1951, we have 50 percent of the world's total manufacturing capacity, while our raw material production has barely kept pace, and is still about a third of the world's total production of raw materials.

Thus there is a gap between our manufacturing and our raw material production. Now we are dependent on foreign countries for those raw materials to supply more than one-third of the raw material requirements for our factories. . . .

I consider it is going to get worse rather than better—that our dependency is going to become greater as time goes on. We will be lucky if we can hold the present rate of raw-material production in the United States.

At the same time the present plans of our Government call for an increase of more than 20 percent in our manufacturing capacity by 1953. Through this expansion we will be able to produce all of the consumer goods, soft and hard goods, which we are consuming at a peak rate, and in addition, produce the guns, tanks, and planes which we and our allies need.

That 20 percent planned increase amounts to more than Great Britain's total current productive capacity for military and civilian goods—a capacity built up over her history as a nation.

So, in 2 years we are increasing our production by an amount greater than England has been able to build up throughout the history of her development. That gives you a little feel of the weight of our economy in the world scene today. . . .

I would like to show you the next chart, which shows the total world production of raw materials and manufactured goods.

You will see that from that same period back in the late 1800's through to the war period, world manufacturing capacity and world raw materials stayed in step.

The next chart will show you that after the war the same split that we have seen in the United States is taking place on a world basis. Manufacturing capacity, including our own, is moving ahead of world raw material production.

The gap now is made up by stockpile use of raw materials and scrap.

³ Charts not here printed.

Importance of Underdeveloped Areas

That is a temporary thing which we cannot count on permanently. Therefore, we are faced with a very serious problem of getting enough raw materials to supply our expanding production in this country—production which is the basis of our economic strength. The question is from where do we get the raw materials we import. The answer is that 73 percent of our needs for strategic and critical materials come from the underdeveloped areas. Thus we find that our domestic economic strength today depends to an important degree on the underdeveloped areas.

There are a lot of people in this country who do not realize this. Take manganese, for instance, for which we are largely dependent on the underdeveloped areas. There are 13 pounds of manganese in every ton of steel. If we use all we can get in scrap in this country, we could produce half a pound of manganese per ton of steel. Thus we see that the basis of the great strength of our industrial economy, which is steel, is dependent on foreign sources.

There is another important point also in our relations with the underdeveloped areas.

If at some time in the next 5 or 10 years we have a peacetime economy, and our military production goes down, in my mind there is a very real question of what we will do with this additional 20 percent plant capacity.

We cannot just close the doors of those factories and let the labor go unemployed. We have to preserve that production in order to preserve the standard of living of this country, and preserve the security of our people.

We may find ourselves sometimes in the not too distant future—I hope we will—with \$60,000,000,000 of productive capacity built for armament which is no longer needed. Then we may be looking for markets abroad because I do not think our economy can absorb that \$60,000,000,000 of civilian goods overnight.

Europe is not going to take \$60,000,000,000 of manufactured goods from the United States. Europe is also increasing her productive capacity. Therefore, the one area of the free world we can look to is the underdeveloped areas of the world for markets.

If they are increasing their production of raw materials their income will go up, their buying capacity will go up, and our trade with them will go up.

I think we have to look to those areas for our future markets on an even greater basis than in the past. I can give you a very concrete bit of evidence of the possibilities. I remember in 1939 our trade with Latin America was running at the rate of somewhat over \$500,000,000 a year. Now it is just under \$3,000,000,000 a year. In a short period of 10 or 11 years the 150,000,000 people of the Western Hemisphere have moved forward

with a dynamic thrust that gives an evidence of the possibilities in other parts of the underdeveloped areas of the world.

Our dependence on them is very real. But this dependence for raw materials and markets on other countries and other people is not something that we can take for granted. We cannot take for granted that we will be able to obtain raw materials we need from other countries, nor that they will buy our manufactured goods. It will depend on mutual cooperation.

Today, cooperation with other peoples in other countries depends on the will of the governments and on the will of the people. I think Iran is a good illustration of the serious condition that one of the industrial powers can find themselves in, in this case Great Britain, when overnight there is a threat to her major source of oil being cut off.

The significance of our dependency is highlighted by the situation there.

So much for our economic dependency as a Nation on the underdeveloped areas of the world. Let us take a look for a minute at the military aspect of our national security.

I remember in 1944 General Embick, whom probably many of you knew, who was Chief of War Plans and Chairman of the Inter-American Defense Board, made a talk to the members of the Board.

He predicted that after the war there would only be two areas of the world that could make war, one the Soviet Union and the other the Western Hemisphere.

He said that in the future, war could only be waged with raw materials, industrial capacity, manpower and land mass, and those two areas were the only ones that would have those things. He said that the balance of power between these two areas would be China. China is at the present time lost to the free world. Therefore, we find ourselves not only dependent on the raw materials and manpower and land mass of the Western Hemisphere, but without China the other Asian countries have become doubly important from a strategic point of view.

So we find ourselves dependent on these areas for our military production and military strength and security. We find ourselves dependent on these areas for material goods, but also for political support. With the Security Council not functioning effectively as a security agent for the world, because of the use of the veto, the General Assembly has become the only body which can take effective action, and the majority of the votes in the General Assembly is in the hands of the underdeveloped areas.

Therefore, we find from a military, economic, and political point of view that these areas are increasingly important to us as a nation, in terms of our own security, or our capacity to preserve our security.

We face the blunt fact that the United States

today no longer finds the base of its own security within its own borders. That is a pretty startling fact in view of our history of complete, as we thought, independence.

With this dependence on other peoples and other governments for the preservation of our national security, the question arises, How can we get their cooperation? What is the basis for getting their cooperation to preserve our own security?

I think the answer is really quite a simple one. This cooperation, must reflect their own military security, from the point of view of freedom, and also their economic security from the point of view of human well-being, as much as it affects yours and mine.

If they feel there is genuine mutuality of interest in cooperation, and they are able to find in it the things which they need for their security they will be anxious to help us in the things we need for ours.

Briefly, I would like to examine some of the basic problems which these areas face in order to determine the nature and form of our cooperation needed to help them meet their security.

Let us look at Europe's problems briefly. I hesitate to speak on that subject following Mr. Paul Hoffman who was here this morning. But, as I see the picture, Europe is faced with the threat of lowered standards of living if she curtails civilian productive capacity to produce armaments. That is a situation that could have serious repercussions as you know better than I.

If they reduce their exports to provide manufacturing capacity for armaments, they cut off the essential supplies to the underdeveloped areas. About 44 percent of the supplies of the underdeveloped areas are for machinery and equipment, spare parts, all of the things which the industrial world makes and the underdeveloped world needs. They are the items which make for the economic strength and the social stability of those countries and they have not the capacity to produce them themselves.

So there would be a very serious problem if Europe cuts off her exports of those items. We cannot provide these supplies because our economy is already strained. Thus, there is a real danger that there could be economic and social chaos in many of the countries of the underdeveloped world if they lost their European sources of essential supplies.

Looking at it from another point of view, if Europe cut off her exports where would she get her foreign exchange? Foreign exchange which she needs to pay for the raw materials and food-stuffs she must import to exist. Europe finds herself right up against it, and her only answer is an expanding world economy with more raw materials coming in and more exports going out, while at the same time she expands her plant capacity and production of military goods.

Let us now look at the underdeveloped areas.

You all know the general conditions there. There are 1,057,000,000 people in the underdeveloped areas of the free world, in Africa, the Near East, Asia, southeast Asia, and the Latin-American countries.

Their standard of living is reflected in their total national income, which is \$80,000,000,000 for the 1,057,000,000 people, or about \$80 per person per year. That ranges from around \$30 in southeast Asia up to \$150, Latin America as compared to Europe's \$450 and the United States \$1,475 per person.

You know the deplorable health conditions. You know the degree of illiteracy. It averages approximately 70 percent. People who are on the verge of starvation, who are riddled with sickness and handicapped by ignorance, are not people who can produce and are not people who can participate effectively in the development of democratic institutions within their own countries.

Thus the very things we look to them for, both from an economic point of view and a political point of view, are almost an impossibility under present conditions.

Therefore, any mutually advantageous cooperation with those people, will only reflect their security needs if it gives them some chance to better their own living conditions.

Skilled vs. Unskilled Labor

Not long ago I was at the home of Sir Benegal Rau, the Indian delegate to the United Nations. His sister-in-law who is very interested in rural problems showed some movies.

One scene showed two Indians sitting on the bare ground. One of them was pulling a rope, revolving a wheel which turned the lathe, and the other was working with a chisel on a copper bowl fastened to the lathe. They represented the rural copper industry.

Sir Benegal Rau's sister-in-law said at the end of the movie that India had lost her copper exports to the United States. I asked how that happened.

She said that the two men that I had seen in the movie used to earn 2 cents an hour, but now due to social improvements in the country they were getting between 40 and 60 cents per day, and their product had been priced out of the United States market. Gentlemen that story gives you a perfect illustration of the problem with which the worker without machinery is faced in trying to produce and sell when he's up against the skilled worker with machinery.

In another country we were making an economic survey of this particular problem. They were particularly concerned as to how to increase their dollar exchange in order to purchase more machinery and equipment needed in the development of their country. The question was what items

they could export for the creation of more dollar exchange.

Rice and wheat seemed to be the two most promising. In that country it took 20 men to produce what one farmer in the United States could produce. But these 20 men earning 21 cents a day, as compared to, say, \$4.80 or higher for the American farmer, produced wheat that cost twice as much in the world market as the American farmer's wheat.

There was a real problem of how they could achieve an export position in wheat. The only solution they could see was to cut the wages from 21 cents to 10½ cents, which, of course, was out of the question.

I cite these two examples because I think we have reached the point where high-priced American labor no longer needs to fear the competition of cheap labor. Rather cheap labor has industrial labor to fear. The worker with \$10,000 or \$12,000 worth of machinery and power at his disposal can produce much more than labor with low wages and low standard of living.

As the disparity between the standard of living of our economy and those of other parts of the world increases, their chances of developing their own countries and increasing their production are becoming less and less.

Some people have advanced an interesting analysis, however, which I am not in a position to confirm. But it has been pointed out that Lenin's original theory was to win over labor in the industrial areas of the world in order to bring about world conquest. But in view of the fact that this tactic has not been as successful as it was hoped, the strategy now may be to cut off the source of raw materials for the industrial world from the underdeveloped areas. In this way it would be possible to cripple the economic strength of the industrial world and make it vulnerable to aggression from without or submissive from within.

However we reach this position: If this mutually beneficial cooperation is basic to our obtaining the things we need for our own security, the question is now, How do we bring it about? What base can we work on?

We have to work together, permanently, as nations and peoples, not just in the emergency. I frankly have been somewhat concerned with the undue emphasis upon emergency in this present bill.

I think we have to be frank with the people of our own country, that our relations with these other countries is not just a matter of the emergency, that it is a permanent thing.

We are dependent on them; they are dependent on us; neither can solve his problems alone. We have to work out mechanisms and relationships which will permit us to work together over a continuing period, and give a sense of stability and confidence to all.

That is why our Board recommended the centralization of all economic activities in a new agency which would bring them together where economic policy could be formulated within the framework of the State Department's over-all policy, and where operations could be effectively and efficiently carried out.

We felt to put the operation temporarily in ECA indicated an emergency duration, that it would perhaps be misleading. The fact is that we can no longer set up emergency agencies and hope within 2 or 3 years the problem will be gone and we can return to our old days of withdrawing within ourselves.

That is why we suggest a permanent new agency. It is not just a problem of government alone. It is not just a problem of giving a few dollars for technical assistance. The flow of capital and management must be encouraged and stimulated. This is not a problem of government alone, but of all public and private groups and organizations.

Business and production in this country is largely private, whether represented by the single man on his farm or the big corporation. All those productive forces must be integrated into the world scene if we are to do a job on a long-term basis if production is to be increased.

No palliatives or program of long-term charity is going to solve the problem. We have given up trying to solve our problem on a charity basis or a dole at home. The thing is to help people to help themselves to become productive free citizens so that they can carry their own weight and be self-respecting citizens in a strong free world. We must strike at the roots of the problem.

Organization and Methods

I now come to the question of organization, the question of money and methods. In this bill I think the problem is well and clearly presented. I think the objectives are clear and sound as far as the emergency is concerned, but perhaps limited as to the long term. I believe too much attention is given to the short term and not enough to how this thing is going to move out on to a long-term basis.

As far as the organization problem is concerned, our Board came to the unanimous conclusion there must be a single independent agency which can deal with these economic problems, that it must report directly to the President and take its policy guidance from the Secretary of State, we found that today 23 United States agencies and 32 international agencies are working in this field. Certainly this is not conducive to clear policy formulation or effective coordination of action.

Under these circumstances the money that is spent cannot bring corresponding results.

As far as methods are concerned, I think the ECA, not only in Europe but also in the underdeveloped areas in which it is working, has done a

magnificent job. However, I believe there has been too little emphasis on private enterprise and the part that private enterprise can play. Nor has there been sufficient stimulation to encourage a larger participation.

Need for Flow of Capital

I think there is too much attention paid to so-called technical assistance and too little attention paid to the problem of financing. I think the flow of capital is of major importance, whether it is loan money or investment money.

I would like to discuss that later, if you would care to have me.

There is too much reliance on technical assistance as a short cut to success. This country did not grow on technical assistance alone; it grew on the flow of capital from European savings, and United States management which had the ability to use the capital and technicians.

To have one without the other is like trying to sit on a three-legged stool which has only one leg.

I think there is too much emphasis on aid and the giving of money without enough emphasis on the active cooperation in an integrated, effective, mutual effort by the individual nations, both through governmental and private channels, as well as through the United Nations.

Now as far as the amount of money for aid is concerned, I have no basis for judgment. However, there is no question about the importance of the armament program in this present world scene. There must be the strength to resist aggression, whether from within or without in these countries.

As far as the European economic program is concerned, there again I think its importance is well documented, and I am in complete accord with the objectives. Again, however, as far as the amount of money necessary for these programs goes, I have not the background for a judgment.

When it comes to the underdeveloped areas, I can say without hesitation that I think the figure of 512 million dollars which is recommended is sound providing it is well handled from an administrative point of view. The money is largely for expenditures of an emergency character and for technical assistance for economic development.

The Gordon Gray report laid the foundation for the present effective approach.⁴ I think that he in his report made a major contribution. It was extremely well presented.

Our Board, on which was represented labor and agriculture, business, voluntary agencies, and academic groups, studied the whole problem, and we came to unanimous conclusions on all major points. As far as the size of Government expenditures, we took the figures which the Gray

⁴ Report to the President on Foreign Economic Policies, Washington, No. 10, 1950. For sale by the Superintendent of Documents, 40¢.

report had given of 500 million and adopted that.

To be perfectly frank, the problems are so tremendous that it is very hard to say what should be spent.

It is a question of getting started on the basis of a joint effort and of creating a sense of direction, of common purpose with the peoples of other areas, a sense of common objectives which will give them hope and faith in the future. How the money is spent may be more important than the amount of money.

The most important thing, I think is to get an effective organization which can deal with these economic and social problems, see them in their over-all interrelations, see them in relation to the political, military, and psychological factors, integrate them, and then gradually develop programs which will be effective.

They must have money for emergency purposes in many parts of the world. So far as the development programs are concerned, we have had experience in some parts of the world, like Latin America, where we know money has been spent effectively and sensibly. It has been proven.

I would say that the funds called for here for the underdeveloped areas are not out of line, that experience will tell us as we go along what we can do and do intelligently. In my opinion, these moneys should be appropriated, and a single independent organization be set up to use them effectively. This latter is of paramount importance, that can intelligently deal with them. . . .

I will then give you briefly the opinions of the members of the Advisory Board for International Development set forth in our report "Partners In Progress," with which I concur 100 percent.

The first was the essentiality of a single agency. There are new problems to deal with and, therefore, the orientation should not be simply what it has been in the past. There must be a looking forward to a permanent relationship with the other free countries on a sound basis. The administration should be outside the State Department but subject to State Department policy, given on behalf of the President. It should have responsibility for economic policy formulation in the field of international economic cooperation and development.

Integration of Economic Problems

These are the factors which I think are important: First is the integration of the economic problems between the different areas of the world. We have dealt in the past too much with Europe as one separate area. Latin America as another one, Asia as another when, as a matter of fact, they are all interdependent.

Raw materials from China and Korea which Japan has lost, leave Japan today completely dependent on the Western Powers for raw materials. What Japan will do in the way of trade and eco-

nomic development in her relation with southeast Asia is going to influence what we and European countries will have to do.

These economic factors are all interrelated, and they must be seen from an over-all point of view as far as geography is concerned.

Second, it is important that the problems of the individual regions be given consistent attention and that they not be neglected as has been too often the case in the past because of crisis in other areas. In order to equalize treatment we recommended that the work be carried out on a regional basis in which divisions will have direct responsibility for certain areas and stay with those areas despite the crises in other parts of the world.

I think that would give us greater continuity in our dealings with such areas as Latin America and Africa.

Next, it seemed to our Board very important there be real coordination between the economic and the political, military, and psychological phases of our foreign policy. We felt that the economic work could more effectively support those and that they in turn could support the economic. We can have far more effective foreign relations if they are coordinated and support each other. If this is to be achieved the foreign economic operations must be centralized and not spread around in 23 different departments and agencies as at present.

Another important factor we felt was the integration and coordination among the following fields of foreign economic activity because they are all interrelated: The production of raw materials and food, allocation of essential supplies and scarce materials, development of productive and manufacturing facilities, building of public works, long- and short-term financing, and basic services such as health and sanitation.

For instance, you could not get rubber out of the Amazon during the last war because of disease, sickness, and lack of food.

Until you could lick those you could not get the rubber. You find there is an interrelationship between all of these factors, particularly in the underdeveloped areas of the world. They cannot be separated from the industrial world because without the flow of machinery and equipment and without markets for their raw materials you cannot get the development. There needs to be a central agency to deal with all these complicated relationships and integrate them. An overseas economic agency that can give effective leadership.

Another point we felt of extreme importance was the participation of private enterprise. The proposed agency could give real leadership in encouraging and facilitating its participation. We recommend that a deputy or an assistant director of the independent agency be appointed to work with private enterprise.

United States trade with the underdeveloped areas has been running at the rate of about \$10 bil-

lion a year, and is pushing up to \$12 billion. That is two-way trade. In contrast let's look at the point 4 program. Last year \$35 million was appropriated for it. Thirty-five million, if intelligently spent, can be very useful. But when you put \$35 million against a background of 12 billion of trade, the preservation of that \$12 billion in trade is more important than the assistance, important as that is. Thus it is essential that the overseas economic agency encourage private trade and have authority to deal with the problems of export controls, essential requirements and procurement and development of strategic and critical materials.

Most important is the question of the flow of private capital. Private capital has been going out at the rate of about \$700 million a year to underdeveloped areas since the war. That is a very small percentage of our national income. If private capital were flowing from this country at the rate of only 1 percent of our national income, it would amount to around \$2.5 billion. That amount intelligently invested in productive facilities could revolutionize the economic base of those countries.

I have mentioned the great productivity of the American worker based on the \$12,000 worth of equipment and machinery that he has at his disposal in this country. Without machinery and equipment, mere technology alone means little to the worker in underdeveloped areas.

But the savings of the people in the underdeveloped areas average only \$5 a year. At \$5 a year per worker it would take them 2,000 years to save enough money to buy the \$10,000 to \$12,000 worth of machinery necessary to put them in the same position from the point of view of productivity as the American worker.

Thus it is clear to see that the encouragement of the flow of capital from the industrial areas to the underdeveloped areas is one of the major problems with which we are faced today, whether it is money on loan or direct investment combined with local capital.

This central agency must take active leadership in solving this problem.

We recommended a special assistant, deputy or director for cooperation with the international and regional economic bodies.

As it studies and sees these problems, the new agency should be in a position to recommend legislation and international agreements which will facilitate their solution.

We recommended specifically legislation to encourage the outflow of private capital, including tax incentives.

Use of Joint Commissions

We also recommended the use of joint commissions with other countries to develop national and regional development programs. There was a

joint commission during the war, with Mexico, on which I had the privilege of serving as the United States representative.

The results of its work are interesting. Under its direction the engineering, the financing and the management was worked out for 22 power, irrigation, and industrial projects in Mexico. Contracts were let for the purchase of necessary machinery and equipment in the United States. The minute the war was over those contracts went into effect.

Those industries are now a vigorous and effective part of Mexico's economy. Because of that joint planning instead of dissipating the foreign exchange which she had built up through the sale of raw materials, Mexico was able to build for the future, and not, as a friend of mine said about another country, "In the immediate postwar, spending all of their wartime dollars for yoyos and plastic suspenders."

Such joint commissions can be very effective. The recently set up United States-Brazilian Commission suffered a great loss the other day when its director, Frank Truslow, died aboard ship on his way to Rio. He was admired and respected in Brazil and had, at personal sacrifice, left his job as head of the Curb Exchange to go down to Brazil.

In such a cooperative approach we can work along with them and help them to work out their programs and the financing of their development to the mutual interest of all.

This can include the development of over-all and specific economic plans, the coordination of operations, and the economic support of the military. I mention the military here because many of these countries are being given military equipment but the impact of the added financial burden on their national resources is not always figured out in advance.

Without some pretty careful planning they may run into serious economic and social problems as a result.

As I said before, I feel very sincerely that not only for the underdeveloped areas but also for Europe and Japan such cooperation, leading to an expanding world economy, in which all of us benefit, can do more than any of us realize.

It can revive the sense of hope and faith where it has lagged, and can create it where it never existed. I think for our own people it will give a sense of purpose the lack of which I think is felt particularly by the young people of this country.

I do not think we can overlook the importance of the impact of such a program on the peoples behind the iron curtain. If they see the free people really moving forward together toward a common goal they will tear the iron curtain to pieces as they come out from behind it to join the free world.

On the other hand if we do not take the leadership in providing a basis for free peoples to work

together in this common interest, there are others in the world who are ready to do so.

In closing may I say, Mr. Chairman, I think that the organization for international development when created, has to give primary consideration to this question of the out-flow of capital.

If we do not see that there is an out-flow of capital for productive use, the problems which will result from the lack of necessary production will have to be dealt with later on an emergency basis through a huge give-away program. This will cost us a great deal more in taxpayers' money than if we had helped the people get on their own feet so that they could deal with their own economic and social problems. . . .

U.S. and Philippines To Sign Mutual Defense Treaty

[Released to the press August 16]

The Governments of the Republic of the Philippines and the United States of America, in connection with their conclusion of a peace treaty with Japan, have agreed to execute a mutual defense treaty.

The mutuality of interest of the Philippines and the United States in matters relating to the defense of their respective territories was specifically stated in the Bases agreement of 1947 and the Military Assistance agreement of 1947. The President of the United States and the Secretary of State in public utterances have emphasized that the United States would not tolerate an attack upon the Philippines. It now seems appropriate, as part of the growing treaty fabric of peace in the Pacific, to embody these commitments in a formal treaty of mutual defense. Therefore, the two nations have formally expressed their common determination to defend themselves against armed attack and their joint recognition that an armed attack in the Pacific area on either would be dangerous to the other's peace and safety.

It is planned that the treaty will be signed during the first days of September.

TEXT OF TREATY

The Parties to the treaty, Reaffirming their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments, and desiring to strengthen the fabric of peace in the Pacific Area,

Recalling with mutual pride the historic relationship which brought their two peoples together in a common bond of sympathy and mutual ideals to fight side-by-side against imperialist aggression during the last war,

Desiring to declare publicly and formally their sense of unity and their common determination to defend themselves against external armed attack, so that no potential aggressor could be under the illusion that either of them stands alone in the Pacific Area,

Desiring further to strengthen their present efforts for collective defense for the preservation of peace and security pending the development of a more comprehensive system of regional security in the Pacific Area,

Agreeing that nothing in this present instrument shall be considered or interpreted as in any way or sense altering or diminishing any existing agreements or understandings between the United States and the Philippines,

Therefore declare and agree as follows:

ARTICLE I

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

ARTICLE II

In order more effectively to achieve the objective of this Treaty the Parties separately and jointly by self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack.

ARTICLE III

The Parties through their Foreign Ministers or their deputies will consult together from time to time regarding the implementation of the Treaty and whenever in the opinion of either of them the territorial integrity, political independence or security of either of the Parties is threatened by external armed attack in the Pacific.

ARTICLE IV

Each Party recognizes that an armed attack in the Pacific area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE V

For the purpose of Article IV, an armed attack on either of the Parties is deemed to include an armed attack on the metropolitan territory of either of the Parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.

ARTICLE VI

This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

ARTICLE VII

This Treaty shall be ratified by the Parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of the Philippines. The Treaty shall enter into force as soon as the ratifications of the signatories have been deposited.

ARTICLE VIII

This Treaty shall remain in force indefinitely. Either Party may terminate it one year after notice has been given to the other Party.

ARTICLE IX

This Treaty in the English language shall be deposited in the archives of the Government of the Philippines. Duly certified copies thereof will be transmitted by that Government to the Government of the United States.

Migrant Labor Agreement With Mexico

[Released to the press August 11]

The United States and Mexico exchanged notes today in Mexico City placing into effect the Migrant Labor Agreement of 1951. This supersedes the international executive agreement of August 1949 which was terminated last July 15.¹

The agreement is the product of negotiations held recently in Mexico by officials of both Governments following passage by the U.S. Congress of Public Law 78 which invests the responsibility in the Secretary of Labor to obtain Mexican farm workers in the absence of sufficient domestic agricultural workers.

Statement by the President

[Released to the press by the White House August 16]

I have today approved House Joint Resolution 311, making interim appropriations to the Department of Labor to begin the task of bringing Mexican farm workers into this country under the terms of Public Law 78, approved July 12, and in conformity with the recently concluded agreement between this Government and the Republic of Mexico.

I am glad that in passing this joint resolution the Congress has begun action on those measures which will aid in the development of a well-rounded program dealing with the immigration of Mexican farm workers. I am most hopeful that the Congress will now give expeditious consideration also to the appropriations and the substantive legislative proposals needed to complete action on the recommendations in my message to the Congress of July 13, 1951.

Our present agreement with Mexico will terminate in less than 6 months, and it is vital that the Congress complete action on these recommendations before that time runs out, if we are to negotiate with the Mexican Government for a new agreement to meet our needs for workers in the next crop year.

United States and Iraq Sign Educational Exchange Agreement

[Released to the press August 16]

Iraq and the United States today signed an agreement putting into operation the program of educational exchanges authorized by Public Law 584, 79th Congress (the Fulbright Act). The signing took place at Baghdad, with Khalil Kanna, Minister of Education, representing the Government of Iraq and Edward S. Crocker, American

¹ Copies of the new agreement and the work contract which will be signed by the employer and the Mexican worker are available from the Department of Labor.

Ambassador to Iraq, representing the Government of the United States.

The program, as the agreement states, is designed ". . . to promote further mutual understanding between the people of Iraq and the United States of America by a wider exchange of knowledge and professional talents through educational contacts . . ." It provides for an annual expenditure not to exceed the equivalent of approximately 150 thousand dollars in Iraqi currency for the financing of "studies, research, instruction and other educational activities of or for citizens of the United States of America in schools and institutions of higher learning located in Iraq or of Iraqis in United States schools and institutions of higher learning located outside the continental United States . . . including payment for transportation, tuition, maintenance, and other expenses incident to scholastic activities; or furnishing transportation for Iraqis who desire to attend United States schools and institutions of higher learning in the continental United States . . . whose attendance will not deprive citizens of the United States of America of an opportunity to attend such schools and institutions." The program will be financed from certain funds made available by the United States Government resulting from the sale of surplus property to Iraq.

All recipients of awards under this program are selected by the Board of Foreign Scholarships, appointed by the President of the United States.

Under the terms of the agreement, a United States Educational Foundation in Iraq will be established to assist in the administration of the program. The Board of Directors of the Foundation will consist of six members, three of whom are to be citizens of Iraq, and three to be citizens of the United States. The United States Ambassador to Iraq will serve as honorary chairman of the board.

After the members of the Foundation in Iraq have been appointed and a program formulated, information about specific opportunities for American citizens to pursue study, teaching, or research in that country will be made public. In the meantime inquiries may be addressed to the following agencies:

Graduate study

The Institute of International Education, 2 West Forty-fifth Street, New York 19, New York, or to the Fulbright Program Advisers on the campuses of American colleges and universities.

Teaching in national elementary or secondary schools abroad

The United States Office of Education, Federal Security Agency, Washington 25, D. C.

Teaching in American elementary or secondary schools in other countries

The American Council on Education, 1785 Massachusetts Avenue, N. W., Washington 6, D. C.

University teaching, or advanced research

The Conference Board of Associated Research Councils, 2101 Constitution Avenue, N. W., Washington 25, D. C.

THE RECOVERY OF CULTURAL OBJECTS DISPERSED DURING WORLD WAR II

By Ardelia R. Hall

The dispersal of works of art and cultural treasures is one of the chief hazards of war, second only to the irreparable loss through damage and destruction, to which such property is exposed. All valuable collections in every country in time of war are, of necessity, transferred from cities to isolated places of greater safety. Works of art in the most vulnerable of buildings, the modern glass-roofed museum, obviously must be removed from danger. It is, in fact, due to the precautionary measures that were taken and the storage in safe shelters that the large proportion of movable objects in Europe survived World War II unharmed. It was the fixed monuments of architecture and art that suffered the greatest loss and damage. The need for the evacuation of museums, libraries, and archives was anticipated by most institutions and by the International Museums Office of the League of Nations. During the 1930's this Office had prepared and sponsored conservation measures that would be required in such an emergency.¹

The wholesale confiscations of all types of cultural materials by official Nazi organizations in the countries which they occupied in Europe brought about the transfer of an immense amount of valuable properties to Germany. The scope of their plunder of cultural property in Western and Eastern Europe is given in the Nazi decrees and orders published in the volumes on *Nazi Conspiracy and Aggression*.²

Many public collections of Austria and Germany and the greater proportion of Nazi loot were sent for numerous reasons to the areas which came under United States Government control. Now after 6 years, it is probable that all important war

repositories have been found. The tragic losses of a few storage places through bombardment or fire, as in Berlin, have been ascertained. It would appear that only deliberately well-hidden caches may still remain to be uncovered.

Cultural Restitution in the American Zone of Germany

In the American Zone of Germany more than 1,800 repositories in mines, castles, churches, monasteries, and remote villages were discovered. The objects were taken under United States Government control and transferred from the emergency shelters to central collecting points established by the Office of Military Government for Germany (OMGUS). Under United States Government policies, they have been held in safe custody until they could be restored to their rightful owners in all the war areas of Europe. These policies have become, as the late Chief Justice Harlan F. Stone predicted, "the proclamation to the world, friends and enemies, of our practical concern in protecting these symbols of civilization from injury and spoliation."

The cultural restitution program in the American Zone of Germany has been carried forward by American officers who are art experts in the Monuments, Fine Arts, and Archives Section of OMGUS and under the Office of the U.S. High Commissioner for Germany (HICOG). The first restitution took place when the Altarpiece of the Mystic Lamb by the Van Eyck brothers was returned to Belgium in August 1945; since then, there has been a constant flow of works of art and other objects of cultural importance back to the countries from which they had been removed. Over a

million art objects and 4 million books have been recovered, identified, and restored from the American Zone. Some of the priceless treasures returned under the American program included the Vienna collections, the crown jewels of the Holy Roman Emperors, and Charlemagne's *Book of the Gospel* to Austria; the Veit Stoss Altarpiece of Cracow to Poland; Michelangelo's *Madonna and Child* of Bruges to Belgium; the stained glass of the Strasbourg Cathedral and the Rothschild collections to France; the treasures of the Budapest National Museum to Hungary; and a collection of antique gold objects from the Naples Museum to Italy. The ownership of the hundreds of thousands of objects was identified through official records, inventories, and documents relating to the Nazi seizures and varied art transactions, which had been assembled by the Office of the United States Chief of Counsel for the Prosecution of Axis Criminality of the International Military Tribunal, Nürnberg, by the Art Looting Investigation Unit of the Office of Strategic Services, and by OMGUS.

The difficult identification of the ownership of objects of obscure origin is continuing at the Wiesbaden and Munich central collecting points under the direction of two former Fine Arts officers, Thomas Carr Howe, Jr., director of the Palace of the Legion of Honor Museum in San Francisco, Calif., and S. Lane Faison, Jr., Lawrence professor of Fine Arts and director of the Museum at Williams College. They are on leave from their respective institutions to deal with the more difficult residual problems of the cultural restitution program for the Department of State.

Works of Art Still Missing

Many works of art, however, have not been recovered. Some are known to have been scattered and lost through the innumerable perils of war, others have disappeared without a trace. Among the thousands of objects and books still missing are many famous masterpieces. Four paintings from the Uffizi Gallery in Florence have never been found since they were evacuated during the war.³ They are a Lorenzo di Credi *Self Portrait* (fig. 1), the Bronzino *Deposition* and the small pictures by Antonio del Pollaiuolo of *Hercules and the Hydra* (fig. 2) and *Hercules and Antaeus* (fig. 3). The Raphael *Portrait of a Youth* belonging to the Museum of Princess Czartoryski in Cracow

(fig. 4) and four panels of the St. John's Altarpiece from the Church of St. Florian, Cracow (fig. 5) disappeared following their removal to Germany in 1944 by the notorious Nazi Governor General of Poland. Twenty-eight paintings which were stolen from the villa in Italy of H.R.H. Prince Felix of Luxembourg have never been traced. They include a *Madonna and Child* by Cima da Conegliano (fig. 6) and a *Portrait of Victoire Louise, Daughter of Louis XV* by an unknown artist (fig. 7). Among the paintings still missing from private collections in France are the Rembrandt *Head of an Old Man* and the Van Dyck *Portrait of Paul Pontius* from the Schloss Collection, a Fragonard *Shepherdess* from the collection of Georges Wildenstein, and a Monet painting of the Seine from the collection of M. Saloman Flavian.

Preliminary lists of missing works of art of cultural importance have been prepared, just as have claims for the restitution of cultural property,⁴ by the government of the country from which the objects were removed during the war. The lists are transmitted to other governments through diplomatic channels. The United States Government does not receive claims from individuals except under limited conditions. The Monuments, Fine Arts, and Archives officers of OMGUS have listed unofficially objects missing from collections and museums in Austria and Germany. These preliminary and unofficial lists will need to be revised and periodically brought up to date.

The British Government publications on *Losses and Survivals in the War* in Italy, Greece, Malta, and the British zones of Austria and Germany⁵ deal mainly with war damage to historic architecture, but they also include information not presently available elsewhere on certain losses of movable objects in those countries. The French Government has published several volumes of missing paintings and sculpture, archives and rare books, objets d'art, and antiques.⁶ A volume on *Paintings, Tapestries, and Sculpture* was received by the Department of State for distribution to museums and art dealers in the United States.

An index of cultural losses in Poland during the German occupation from 1939 to 1944 has been published by the Polish Government in English.⁷ It contains historical facts about the collections of churches, libraries, archives, and museums and information, as known in 1944, on damage, destruction and looting. An illustrated volume on the

foreign paintings missing from Polish collections⁸ has also been printed in English and received for distribution in the United States.

The circulation of the publications on missing works of art helps protect American interests against the danger of purchasing stolen property without a clear title. This information has been welcomed by American institutions and American dealers.

Recovery of Missing Objects of Art Through International Cooperation

The need for international cooperation to prevent the transfer of looted objects from one country to another was recognized in the interallied agreements⁹ and by the international conferences¹⁰ during the war. Practical measures for a continuing recovery program were set forth in the Statement of Policy for the Control of Looted Articles of July 8, 1946. The text of this policy is given below in appendix 1. All European countries have been invited to participate in the program. It is, of course, an undeniable fact that works of art lost through the Nazi depredations of European countries, which shocked the civilized world, will never be saleable.

This recovery program, which has been developed in conformity with international agreements and carried forward by governmental agencies with the cooperation of learned institutions and responsible citizens, makes possible the eventual recovery of irreplaceable cultural objects. It honors the rightful ownership, which has been the basis of Allied policies. It provides for an appropriate continuation of the cultural restitution programs. For the first time in history, restitution may be expected to continue for as long as works of art known to have been plundered during a war continue to be rediscovered.

Recovery of Looted Objects of Art in the United States

The introduction of looted objects into the United States is, furthermore, contrary to the general policy of this Government. The State-War-Navy Coordinating Committee approved on January 28, 1947, a policy for the "Return of Looted Objects of Art to Countries of Origin,"¹¹ in which it was stated that it is "the responsibility and desire of this Government to return to their countries of origin those cultural objects which have

been wrongfully taken and brought to the United States during and after the war."

The United States Government as early as 1945 undertook to return to the rightful owners any looted objects should they appear in this country. A circular letter was issued by the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas. The Department of State in 1950 circulated a second letter, given below in appendix 2 to American universities, museums, libraries, art dealers, and book sellers, asking for their continued cooperation in the recovery of dispersed cultural property. This letter was reprinted by the American Federation of Arts in the *Magazine of Art*, 44, 2 (February 1951), page 75, and by the College Art Association of America in the *College Art Journal*, 10, 2 (Winter 1950), page 188.

In this endeavor the Department of State has received the generous support of American institutions and American citizens.

On the receipt of information concerning an object in the United States suspected of having been looted, the Department ascertains all available facts as to its former ownership and the circumstances of its loss during the war. In certain cases the ownership is readily determined. With important works of art, for example, the identity of the objects and the ownership are often recognized by the authorities who bring them to the attention of the Department. If the Department is informed that the holder of such an object is willing to surrender it, the Department will request its transfer to Washington for return to the claimant government, otherwise the case is referred to the appropriate agency of the Government for further action. The Treasury Department, the Department of Justice, and the Department of the Army cooperate with the Department of State in the recovery program.

The restitution procedures of the Department conform with those of OMGUS Military Government Regulations.¹² When an identified, looted, cultural object is recovered, it is released by the Secretary of State to the authorized representative of the claimant nation against a receipt. The form of the receipt is given in appendix 3. The claimant government is responsible for the return of the object to the individual owner.

Of the objects of artistic and historic importance thus far recovered in the United States and returned to Europe,¹³ the greater portion have been

from public or state collections. They include the Mainz Psalter of 1457 from the State Library of Saxony, now exhibited at the Wiesbaden Central Collecting Point; an ivory diptych of the fourteenth century carved with scenes of the Passion from the Kassel Museum; a group of Rajput and Mughal miniatures of the sixteenth and seventeenth century from the Berlin State Library; a tapestry from the Kunsthistorisches Museum in Vienna; four tapestries from the Bayerisches Nationalmuseum; two famous bronze panels of the thirteenth century from the doors of the Benevento Cathedral in Italy; an engraving of the *Knight, Death and the Devil* by Dürer from the Germanisches Nationalmuseum in Nürnberg; two paintings by van Poelenburg and van Brekelenkam from the Lazienki Palace Museum in Warsaw, where they have now been placed on exhibition; several early manuscripts from England; and a painting by Monet of *La Péniches sur la Seine*, which had been confiscated by the Nazis from a member of the Rothschild family in Paris.

APPENDIX 1.

Statement of Policy with Respect to the Control of Looted Articles, Paris, July 8, 1946

Following is the text of an agreement concluded July 8, 1946, among the United States, the United Kingdom, and France with respect to the control of looted articles:

The Governments of the United States, the United Kingdom and France have agreed to recognize the usefulness of a common demarche to be made to the neutrals recommending that certain measures be taken by them with a view to discovering in their territory cultural property looted by the enemy in countries formerly occupied by it and to control such property and prohibit its exportation abroad (this relates to articles including books, manuscripts, and documents of an artistic, historical, archaeological, scientific, pedagogic or religious character).

With this in view they agree to request the governments of the liberated countries to furnish the governments of neutral countries, as soon as possible, lists of spoliated articles which have not as yet been restituted through the recuperation operations now being made in Germany and Austria (it being understood that, if necessary, these lists might be completed by means of additions thereto and that as recuperated objects are received notification will be given of their deletion).

The three governments will recommend to the governments of the liberated countries that they exchange their respective lists and send copies to the Governments of the United States and the United Kingdom and all other governments which the countries interested in this procedure may consider useful.

The three governments will invite the neutral governments to seek out immediately looted articles in their territory and instruct the national customs authorities to prohibit the export of any article which may be presumed to have been looted. The governments of the liberated countries will submit as soon as possible to the neutral countries lists of art objects looted within their territory for the purpose of assisting the investigations undertaken by the neutral countries. The customs authorities of the neutral countries should refer doubtful cases to their gov-

ernments, which will make every effort to identify the articles and to verify the good faith of proposed transactions making use of local art experts, police and information services. If any doubts still remain, the neutral governments will submit such cases with details and photographs of the articles in question for the examination of the three governments. Furthermore, the lists should be circulated to art dealers, museum authorities, and specialized people who will be under the same obligation of vigilance as the customs authorities and compelled to refer suspicious cases to the central administrations. The governments of the neutral countries shall, furthermore, alert their public opinion with regard to their interest in looted articles by means of the press and all other kinds of publicity, requesting that all suspicious cases be notified to the police and other governmental services.

The Governments of the United States, Great Britain, and France underline the usefulness which the application of the above indicated measures represent for the liberated countries as well as for themselves and that they are desirous of having the neutral countries adopt them. Each government undertakes to effect all appropriate measures and will request the governments of the liberated countries to do likewise.

APPENDIX 2.

To Universities, Museums, Libraries, Art Dealers, and Booksellers.

It is the responsibility and desire of the Government of the United States to recover and return to owner nations those cultural objects, including works of art, archival material and books, looted, stolen or improperly dispersed from public and private collections in war areas and brought to the United States during and following World War II.

This responsibility has been shared by American institutions and American citizens. The response of museums, libraries, and dealers to a circular letter from the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas requesting information about objects without a clear title has led to the recovery by this Government of a number of items of artistic and historic importance. The continued vigilance of American institutions and individuals in identifying cultural objects improperly dispersed during World War II is needed.

Your cooperation in notifying the Secretary of State, Washington 25, D. C., concerning such objects which may come to your attention will be appreciated.

APPENDIX 3.

Receipt for Cultural Objects

The undersigned, _____, duly accredited by the _____ Government, hereby acknowledges the receipt on behalf of the said government, from the Secretary of State on behalf of the UNITED STATES GOVERNMENT for the items described in Schedule "A" attached hereto.

The delivery of these items is subject to the following conditions:

1. The receiving government hereby certifies that the items described in Schedule "A" attached were taken out of that country by the enemy.

2. The receiving government undertakes to restore any object which has been delivered to it by mistake:

a. To the government of the Allied state if the property was removed by the enemy from the territory of that state;

b. If it had not been removed from the territory of an Allied state, to the Office of the United States High Commissioner for Germany or to the Secretary of State of the United States of America as the Secretary of State may designate.

3. The receiving government agrees that the United States Government and all its agents and representatives shall be saved harmless from any claim for loss, damage or deterioration suffered by any item from the time of



Left: *Self-Portrait or Portrait of a Young Man*,
by Lorenzo di Credi (1456-1537),
Uffizi Gallery, Florence.



Hercules and the Hydra,
by Antonio del Pollaiuolo (1429-1498),
Uffizi Gallery, Florence.

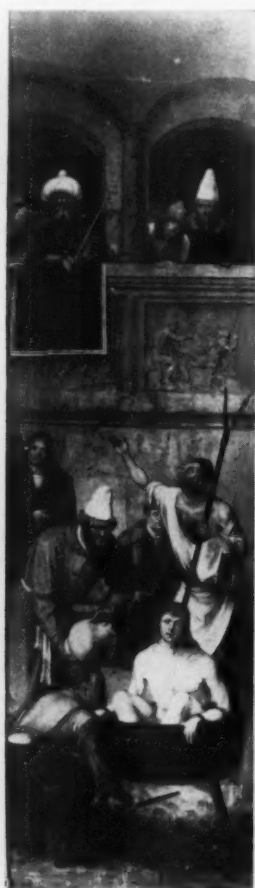


Antonio del Pollaiuolo's *Hercules and Antaeus*, also missing from the Uffizi Gallery at Florence.

Right: *Portrait of a Young Man*,
by Raphael. Wood panel, 75 x 59 cm.
From the Czartoryski Museum, Cracow.



Below: St. John's Altarpiece with scenes
from the life of St. John the Evangelist,
by Hans Suess von Kulmbach (c. 1480-
1522). Church of St. Florian, Cracow.





Madonna and Child,
by Cima da Conegliano (c. 1459–1517),
from the collection of Prince Felix of Luxembourg.

Portrait of Victoire Louise of France, Daughter of Louis XV, by an unknown eighteenth-century artist. Also from the collection of Prince Felix.



its removal from the jurisdiction or custody of the country receiving restitution until its return thereto.

Witness	Signature
Date	Signature typed
Place	Title or Capacity of Signer
	page of pages

SCHEDULE "A"

Item	Description (Including statement of condition of object)
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Footnotes

¹ Office International des Musées, *La protection des monuments et oeuvres d'art en temps de guerre* (Paris, Institut International de Coopération Intellectuelle, 1939, pp. 232; reprinted from *Museion*, Year XIII, vol. 47-48, nos. 3-4); Office International des Musées, *Art et Archéologie: Recueil de législation comparée et de droit international*, published under the direction of Charles De Visscher, editors in chief: E. Foundoukidis and Raymond Weiss, No. 1-1939: "La protection des collections nationales d'art et d'histoire. Essai de réglementation internationale" No. 2-1940: "Les monuments et oeuvres d'art en temps de guerre" (Paris, Institut International de Coopération Intellectuelle, No. 1-1939, pp. 118; No. 2-1940, pp. 113); *International Protection of Works of Art and Historic Monuments* (Department of State pub. 3590, International Information and Cultural Series 8. Reprinted from *Documents and State Papers of June 1949*), (Washington, U.S. Government Printing Office, 1949, pp. 821-871), the English translation of the essays of Charles De Visscher contained in *Art et Archéologie* No. 1-1939 and No. 2-1940.

Appendix A contains texts of draft international convention (1938) and draft international declaration (1939) for protection of monuments and works of art in time of war.

² International Military Tribunal, Nürnberg, Germany, Office of U.S. Chief of Counsel for the Prosecution of Axis Criminality, *Nazi Conspiracy and Aggression* (Washington, U. S. Government Printing Office, 1946, 8 vols.), vol. 1, chap. 14, "The plunder of art treasures."

³ Frederick Hartt, *Florentine Art under Fire* (Princeton, Princeton University, 1949, pp. 148) p. 106, "Rossi's minute inventory revealed that the pictures, missing from Montagnana, did not appear at all in the Alto Adige or in any of the German lists. Among them were Lorenzo di Credi's *Self-Portrait*, the *Bronzino Deposition*, from the Uffizi, and the most tragic loss of all, the two little Hercules pictures by Antonio del Pollaiuolo. To this day none of these pictures has been found nor has there been the slightest information as to how they disappeared."

⁴ *Germany 1947-1949. The Story in Documents* (Department of State pub. 3556, Washington, U.S. Government Printing Office, 1950, pp. 631), p. 37, "Directive to Commander in Chief of U.S. Forces of Occupation regarding Military Government of Germany, JCS 1779, July 11, 1947," para. 17 "Restitution"; p. 619 "Military Government Regulations, Title 18, Monuments, Fine Arts and Archives, February 12, 1947," paras. 18-106, 18-110.

⁵ *Works of Art in Italy: Losses and Survivals in the War, Part I: "South of Bologna"*, compiled by the British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands (London, H. M. Stationery Office, 1945, pp. iv, 80, illus. Price 1s. 6d.); *Part II: "North of Bologna, together with regional summaries and a supplement to Part I"* (1946, pp. iv, 209, illus. Price 5s. 0d.); *Works of Art in Greece, the Greek Islands and the Dodecanese. Losses and Survivals in the War*, compiled by the Monuments, Fine Arts and Archives Sub-Commission of the C.M.F. and issued by the British Committee on the Preservation and Restitu-

tion of Works of Art, Archives, and Other Material in Enemy Hands (1946, pp. ii, 33; illus. Price 2s. 0d.); *Works of Art in Malta. Losses and Survivals in the War*, compiled by Hugh Braun and issued by the British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands (1946, pp. v, 48; illus. Price 2s. 6d.); *Works of Art in Austria (British Zone). Losses and Survivals in the War*, compiled from reports supplied by the Monuments, Fine Arts, and Archives Branch of the Control Commission for Austria (British Element) and issued by the British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands (1946, pp. 61, illus. Price 2s. 6d.); *Works of Art in Germany (British Zone of Occupation). Losses and Survivals in the War*, compiled by the Monuments, Fine Arts, and Archives Branch of the Control Commission for Germany (British Element) and issued by the British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands (1946, pp. v, 66, illus. Price 2s. 6d.).

⁶ French High Command in Germany, French Group of the Control Council, Office of Economics and Finance, Division of Reparations and Restitution, Central Bureau of Restitution (Commandement en Chef Français en Allemagne, Groupe Française du Conseil de Contrôle, Direction Générale de l'Économie et des Finances, Division des Réparations et Restitutions, Bureau Central des Restitutions), *List of Property removed from France during the War 1939-1945 (Répertoire des Biens spoliés en France durant la Guerre 1939-1945)*, vol. 2, *Paintings, Tapestries, and Sculpture (Tableaux, Tapisseries, Sculptures)*, (Berlin, December 11, 1947, pp. xviii, 491, illus.); vol. 3, *Furniture (Meubles)*, (Berlin, January 21, 1948, pp. xxiii, 585, illus.); vol. 4, *Gold and Silverware, Ceramics, Curios and Supplement to vols. 2, 3, and 4 (Argenteries, Céramique, Objets Précieux et suppléments aux tomes II, III, et IV)* (Berlin, January 15, 1948, pp. xiii, 234, illus.); vol. 7, *Archives, Manuscripts, and Rare Books (Archives, Manuscrits, et Livres rares)* (Berlin, no date, pp. xv, 845, illus.); *Supplement to vols. 2, 3, and 4 (Supplément aux tomes II, III, et IV)* (Berlin, no date, pp. iv, 234, illus.); *Second Supplement to vols. 2, 3, and 4 (Deuxième Supplément aux tomes II, III, et IV)* (Tubingen, no date, pp. 184, illus.); *Third Supplement to vols. 2, 3, 4, and 7: Objets d'Art and Rare Books (Troisième Supplément aux tomes II, III, IV, et VII: Objets d'Art et Livres Rares)* (Tubingen, no date, pp. 241, illus.).

⁷ Charles Estreicher (editor), *Cultural Losses of Poland: Index of Polish Cultural Losses during the German Occupation, 1939-1944* (London, 1944, pp. xvii, 497.)

⁸ Ministry of Culture and Art, *Catalogue of Paintings removed from Poland by the German Occupation Authorities during the Years 1939-1945, I. Foreign Paintings*, compiled by Wladyslaw Tomkiewicz (Publications of the Reparations Section, No. 9) (Warsaw, 1950, pp. 85, illus.)

⁹ "Inter-Allied Declaration against Acts of Dispossession committed in Territories under Enemy Occupation or Control, London, January 3, 1943," Department of State pub. 2630.

¹⁰ *United Nations Monetary and Financial Conference, Bretton Woods, N. H., July 1-July 22, 1944*, Department of State pub. 2187, "Final Act," art. 6; *Inter-American Conference on Problems of War and Peace, Mexico City, Mexico, February 21-March 8, 1945*, Department of State pub. 2497, "Final Act," resolution 19.

¹¹ BULLETIN of Feb. 23, 1947, pp. 358-360.

¹² OMGUS, *Military Government Regulations, Title 18: Monuments, Fine Arts and Archives* (Berlin, 12 Feb. 1947), see footnote 4.

¹³ Department of State, *The Record*, vol. 7, no. 3 (May-June 1951), pp. 39-42, "Recovery of Lost European Treasures."

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U.S. Seeks To Replace Cultural Property Displaced During World War II

[Released to the press July 27]

A number of problems involving important collections dispersed during World War II have been the subject of a series of inquiries to the Department of State from the former American Monuments, Fine Arts, and Archives officers who recovered the collections and took the initial steps to safeguard them. Most of the problems which are still outstanding await final determination because inter-Allied agreement is required for their settlement.

The collection of the Kassel Museum in Germany remains under quadripartite control in Austria and is stored in the Kunsthistorisches Museum in Vienna. The United States Government will continue to press for the return of this important state collection to its original ownership in Kassel, Germany.

The German-owned art libraries in Italy, which were recovered in war repositories by American authorities and returned in 1946 to Italy from Austria and Germany by General E. E. Hume and General Lucius D. Clay, under Monuments, Fine Arts, and Archives procedures, have been held under tripartite control. The libraries were placed in the temporary custody of the International Union of Institutes of Archeology, History, and History of Art. A protocol, which alleged that the libraries were economic assets and should be transferred to the Italian Government, on the condition that the Italian Government grant the International Union a perpetual or 99-year lease to the libraries, was published in the *College Art Journal*, vol. VIII, no. 3 (1949). This arrangement was not approved by the Department and does not represent the policies of the United States Government. The libraries are regarded by this Government as cultural property to be excluded from German external assets and to be returned to their rightful owners. Until their final disposition is determined under tripartite agreement, the United States Government is making every effort to keep the libraries open for use.

The Crown of St. Stephen of Hungary, which was surrendered to the United States authorities for safekeeping, is being held in trust by the United States Government. It continues to be treated as property of a special status. The Government of the United States does not regard the present juncture as opportune or appropriate for taking action regarding its disposition.

Restitution in kind or the replacement of cultural property of unique character was given consideration by the Allied Control Council in Berlin in 1946 and early in 1947. A quadripartite agreement for the implementation of such a policy, however, was never concluded. American policy in the 1947 directive to the Commander-in-Chief

of the United States Forces of Occupation (JCS 1779, July 11, 1947) prohibited replacement of cultural property from Germany's cultural heritage. Article 17 of this directive reads:

... You will not consent to any extensive program for replacement of looted or displaced property which has been destroyed or cannot be located whenever such replacement can be accomplished only at the expense of . . . the cultural heritage of the German people.

A special resolution opposing the use of works of art as replacement or reparations material was unanimously approved by the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas at its final meeting on June 20, 1946. It was recommended that "cultural objects belonging to any country or individual should not be considered or involved in reparations settlements growing out of World War II."

With regard to the general obligations under international law, a recognition of the inviolability of cultural property as contained in Article 56 of the annex of the Hague convention (IV) of 1907 is regarded as obligatory upon this and other signatory governments. The United Kingdom and France have ratified the Hague convention (IV) of 1907 and the U.S.S.R. recognized the Czarist signature to this convention on November 25, 1941.

The United States Government has an additional international commitment under the treaty between the United States of America and other American republics, entitled "Protection of Artistic and Scientific Institutions and Historic Monuments," signed at Washington on April 15, 1935, and ratified on the advice of the United States Senate by the President on July 10, 1935. This treaty was concluded to the end that "the treasures of culture be respected and protected in time of war and in peace". Article II reads:

The neutrality of, and protection and respect due to, the monuments and institutions, mentioned in the preceding article, shall be recognized in the entire expanse of territories subject to the sovereignty of each of the signatory and acceding States, without discrimination as to the State allegiance of said monuments and institutions. The respective Governments agree to adopt the measures of internal legislation necessary to insure said protection and respect.

The policy of the United States Government is one of respect for artistic and historic property of all nations. It has been consistently upheld in all United States Government directives, military government laws and regulations of World War II and fully demonstrated in the magnitude of the accomplishments in the United States zone of Germany where more than 700,000 works of art and over 4,000,000 books have already been recovered and returned to despoiled nations. It is the desire and intent of this Government that, when the final settlement is reached, all cultural property dislocated by the war will be restored to the rightful owners.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

The San Francisco Conference on Proposed Japanese Peace Treaty

BY JOHN FOSTER DULLES
CONSULTANT TO THE SECRETARY¹

Last Monday was the day which ended 11 months of negotiation regarding the Japanese Peace Treaty. A final text has been circulated by the British and ourselves to over 40 Allied countries, and they have been invited to attend a signing conference to be opened at San Francisco on September 4 by the President.

Russia Accepts

The Soviet Union has now told us that they expect to send a delegation to San Francisco. We are not yet clear as to what this means. We hope that it does not mean that the Russians are sending a wrecking crew to try to demolish a structure of Japanese peace which has been built carefully and soundly until now it is complete save for the formal dedication.

If such tactics should be tried we are confident that they would fail. Responsible nations will not be parties to attempting now to demolish what already *is*, on the theory that some more pleasing structure could quickly be made to take its place. The fact is that there must be peace now on the terms which have been negotiated; otherwise Japan would share the unhappy fate of Germany and Austria where Russia, because it is an occupying power, has been able to impose treaty procedures of futility.

The invitation to the San Francisco conference is an invitation to conclude peace "on the terms" of the present text. We and others intend to stand by that invitation.

The Treaty Origins

The present final text of the Japanese Peace Treaty is the product of a unique cooperative effort. It began last September when the Allies principally concerned were attending the United Nations General Assembly in New York. After the United Nations delegates returned home, there

¹Excerpts from a statement made over Columbia Broadcasting System on Aug. 15 and released to the press on the same date.

were conferences of diplomats at the capitals. A United States presidential mission visited ten of these capitals, including London and Paris and the capitals of six Pacific and Asian countries. The Commonwealth had three conferences which brought together Australia, Canada, Ceylon, England, India, New Zealand, Pakistan, and South Africa.

The first round of discussions related to the basic principles to be applied. Then, in January the United States undertook to make the first draft of a text which would translate the agreed principles into treaty words. We took that initiative because all of the Allied Powers had joined in giving us a special duty to direct the occupation which was to prepare Japan for the peace.

The draft we prepared was circulated last March. The United Kingdom shortly afterwards produced a text of its own, in the light of the Commonwealth conferences.

Our March draft was subjected to intensive study by about 20 countries. These included not only the Western members of the Far Eastern Commission—France, the Netherlands, Australia, New Zealand, Canada, and the United Kingdom, but particularly Burma, Ceylon, China, India, Indonesia, Pakistan, and the Philippines. The draft was largely revised by their suggestions. Then, last June, the United States and the United Kingdom jointly drafted a text to reflect still more fully the different views that had been developed. This text was circulated to Allied Powers and was kept open for further changes until last Monday. During this July-August period, no less than 30 additional changes were made, each of some significance to some nation.

Throughout this period, the Soviet Union took an active, though noncooperative, part. I had several conferences with Yakov Malik and our Governments have exchanged 10 memoranda and drafts. . . .

An Eleven Months' Conference

I emphasize these negotiating processes because Communist propaganda in many countries is vilifying the treaty as arbitrary dictation on the part

of two great powers. Nothing could be further from the fact. The Soviet Union has been persistently trying to get the treaty-making into the Council of Foreign Ministers where four nations alone would draft the treaty with the Soviet Union having a right of veto. Communist propaganda has been conducting a war of nerves against the peace, even suggesting that it may be countered by their violence. While this has been going on from the Soviet side, the other Allied Powers have been conducting what, in effect, is an eleven months' peace conference participated in by so many nations as to make this treaty the most broadly based peace treaty in all history.

Because we have been conferring quietly and courteously, as befits free men who respect each other, Communists pretend that we have not been conferring at all. It seems that, to them, no conference rates as such unless violent insults are publicly hurled.

Those who suggest that the United States and United Kingdom have dictated the final text may be challenged to compare that text with the earlier texts. Our March text had 22 articles. Every one of these articles has been substantially rewritten to meet the wishes of others. The 22 articles have grown into 27 articles and two accompanying declarations.

The United States, which for 6 years has been and is the occupying power, could practically do much as it wanted. But we have not used our power in that way. The final treaty is not the treaty of the United States. It is not the treaty of any single nation. No nation is 100 percent satisfied and that applies to the United States and United Kingdom which sponsor the present text. But such dissatisfactions as exist are inherent in the situation. There cannot be squeezed out of it the total of all Allied wants, and irreconcilable wants must be compromised. Those realities cannot be made to vanish by any procedural sleight of hand.

Reparations

As is usually the case with peace treaties, the most difficult problem has been that of reparations. Japan's aggression caused tremendous costs, losses, and suffering. If the treaty validated all of the just claims against Japan, Japan would be submerged by liabilities of more than 100 billion dollars. Under that weight, Japan would sink into hopeless misery; its people would become an easy prey to exploitation, and totalitarian demagogues would no doubt promise relief through renewed aggression with the help of those nearby who are already aggressive. Also, under these conditions, the effort of various creditor nations to get the largest possible percentage of an illusory pot of gold would spread dissention and bitterness as between Allies in the Pacific and Southeast Asia. Any peace treaty which sets loose these evil

forces would squander the opportunity which many died to give us.

On the other hand, we realized that the treaty could not ignore the principle of reparation for damage and suffering caused by Japan during the war. But Japan cannot pay in dollars or other foreign money. Since the surrender she has been 2 billion dollars short of the money required to pay for the food and raw materials she had to import for survival on a minimum basis. The United States has made good that 2 billion dollars as an occupation responsibility. . . .

Japan does have, however, certain assets which could be put to work to help those who suffered from her wartime acts. Japan has an industrially trained population and industrial equipment, both of which are partly unemployed. If the devastated countries want to send into Japan the raw materials which many of them have in abundance, the Japanese could process them and by these services, freely given, provide appreciable reparations. The arrangements could cover not merely consumers goods but machinery and capital goods which would enable underdeveloped countries to speed up developing their own industry, so as hereafter to be less dependent on outside industrial power.

This process would not throw foreign exchange burdens upon Japan, or other economic burdens of a kind which would impair her credit or deny her people the opportunity to raise their living standards.

The reparation negotiations, involving particularly the Philippines, Indonesia, and Burma, have produced a treaty which gives moral satisfaction to the position of the invaded peoples and, while its terms probably will not produce vast economic benefits, they will make possible some substantial indemnification from Japan.

The Philippine Negotiations

The negotiations on this point, particularly with the Philippines, exhibit the total falsity of the Communist-inspired myth that the United States treats the Philippine Nation as a puppet subservient to its power. When this young Republic voiced criticism of the March draft of the peace treaty, it never occurred to the United States to invoke pressures to stifle that criticism. Nor would that have succeeded as against the independent spirit of the Philippine people. What we did was to pay heed to their criticism. The result is, we think, a better treaty.

The Assurance of Peace

In the ways I have outlined there has been patiently and scrupulously fashioned a pattern of peace for Japan. . . .

Some few nations may denounce the result; some may prefer acquiescence to formal signature; some

may prefer to use article 26 of the proposed treaty which, as a novel, liberalizing feature, authorizes bilateral treaties similar to the main treaty. But so many allies, including the principal contributors to victory, will have signed the treaty, that there will be no doubt in any quarter as to either the fact of peace or as to the terms of peace.

Also, we can be confident that future generations will judge that this peace, both through procedure and through substance, represents the best tradition of those who believe in processes of sovereign equality and in the rule of justice.

SOVIET DELEGATION TO ATTEND CONFERENCE

Soviet Note of August 12, 1951

[Printed from telegraphic text]

Following is an unofficial English translation of a Soviet note which was handed to Admiral Alan G. Kirk, American Ambassador at Moscow, on August 12:

The Minister for Foreign Affairs of the U.S.S.R., in connection with the note of the Governments of the United States of America and Great Britain of 20 July 1951, in which is contained the invitation to the Soviet Government to the conference on the conclusion and the signing of the peace treaty, which has been called by the Government of the United States of America on 4 September 1951 in San Francisco, upon the instructions of the Soviet Government, has the honor to communicate the following:

The Soviet Government will send its delegation to the conference in San Francisco, to take place 4 September 1951, and will present the proposals of the Soviet Government on the question of the peace treaty with Japan.

The composition of the delegation of the Soviet Union is as follows:

A. A. Gromyko, Deputy Minister for Foreign Affairs of the U.S.S.R.; A. S. Panyushkin, Ambassador of the U.S.S.R. in the United States of America; G. N. Zarubin, Ambassador of the U.S.S.R. in Great Britain; S. A. Golunsky, member of the collegium of the Foreign Office of the U.S.S.R.

U.S. Note of August 16, 1951

[Released to the press August 16]

The Government of the United States acknowledges the note of the Soviet Union in response to the United States invitation of July 20, 1951,¹ whereby the Government of the Soviet Union advises that it will send a delegation to the San Fran-

¹ BULLETIN of July 30, 1951, p. 186.

cisco conference to be convened on September 4, 1951, and will present proposals on the question of the peace treaty with Japan.

The Government of the United States welcomes acceptance of its invitation by the Government of the Soviet Union. In order, however, that there should be no possibility of subsequent misunderstanding, the United States recalls that the invitation set out that the Governments of the United States and the United Kingdom would "circulate a final text of the peace treaty," which has been done, and the invitation was "to a conference for conclusion and signature of a treaty of peace with Japan on the terms of that text."

The San Francisco conference is not a conference to reopen negotiations on the terms of peace. The terms of the prospective treaty have been arrived at by intensive multipartite negotiations which, in effect, have constituted an 11-month peace conference which began in mid-September 1950 and the final conclusions of which are embodied in the August 13, 1951, text.²

The Soviet Union has participated in this process both through oral exchanges of views and through the exchange between our Governments of not less than 10 drafts or memoranda relating to the terms of the Japanese peace treaty. Thus the Soviet Union has had an equal opportunity with the other allies to shape the various revisions which have now resulted in the final August 13, 1951 text.

The August 13 text is part of a unique cooperative effort. The treaty, both through procedure and through substance, represents the best tradition of those who believe in processes of sovereign equality and the rule of justice.

The United States will welcome the opportunity to explain fully at San Francisco the nature of the treaty, and every nation represented will have opportunity for exposition and statement. In that conference we welcome the participation of the Soviet Union.

² For references to the negotiations, see the following: announcement by the President, BULLETIN of Sept. 25, 1950, p. 513; U.S. memorandum of Nov. 24, 1950, to governments on the Far Eastern Commission, BULLETIN of Dec. 4, 1950, p. 881; aide-mémoire from U.S.S.R. of Nov. 20, 1950, BULLETIN of Dec. 4, 1950, p. 881; U.S. aide-mémoire to U.S.S.R. of Dec. 27, 1950, BULLETIN of Jan. 8, 1951, p. 65; Presidential Mission to Japan, BULLETIN of Jan. 29, 1951, p. 185; U.S.S.R. noncooperation on treaty, BULLETIN of Mar. 19, 1951, p. 453; formulation of Japanese peace settlement (exchange of letters between Dulles and MacArthur of Feb. 9 and 10, 1951), BULLETIN of Mar. 26, 1951, p. 485; U.S.S.R. remarks of May 7, 1951, on draft treaty, BULLETIN of May 28, 1951, p. 856; U.S. memorandum to U.S.S.R. of May 19, 1951, BULLETIN of May 28, 1951, p. 852; text of draft peace treaty of July 3, 1951, (incorporating revisions of July 20, 1951) and Japanese declarations, BULLETIN of July 23, 1951, p. 132; U.S.S.R. memorandum of June 10, 1951, BULLETIN of July 23, 1951, p. 138; U.S. memorandum to U.S.S.R. of July 9, 1951, BULLETIN of July 23, 1951, p. 143; U.S. invitation of July 20, 1951, to 50 nations to attend conference at San Francisco, Calif., BULLETIN of July 30, 1951, p. 186.

TEXT OF PROPOSED TREATY

[Released to the press August 15]

Following are the revised (from the July 20) texts of the proposed treaty of peace with Japan, two declarations by the Government of Japan, and a protocol. The texts have been revised by the United Kingdom and the United States, the joint sponsors of the treaty draft, in the light of comments received from countries at war with Japan to whom the July 3 and July 20 texts were submitted.¹

The texts attached are those referred to in the second paragraph of the invitation of July 20 to the conference preceding the signature of the treaty of peace with Japan as the final texts to be circulated on August 13. Copies have been transmitted to the countries invited to the conference.

Whereas the Allied Powers and Japan are resolved that henceforth their relations shall be those of nations which, as sovereign equals, cooperate in friendly association to promote their common welfare and to maintain international peace and security, and are therefore desirous of concluding a Treaty of Peace which will settle questions still outstanding as a result of the existence of a state of war between them;

Whereas Japan for its part declares its intention to apply for membership in the United Nations and in all circumstances to conform to the principles of the Charter of the United Nations; to strive to realize the objectives of the Universal Declaration of Human Rights; to seek to create within Japan conditions of stability and well-being as defined in Articles 55 and 56 of the Charter of the United Nations and already initiated by post-surrender Japanese legislation; and in public and private trade and commerce to conform to internationally accepted fair practices;

Whereas the Allied Powers welcome the intentions of Japan set out in the foregoing paragraph;

The Allied Powers and Japan have therefore determined to conclude the present Treaty of Peace, and have accordingly appointed the undersigned Plenipotentiaries, who, after presentation of their full powers, found in good and due form, have agreed on the following provisions:

CHAPTER I

PEACE

Article 1

(a) The state of war between Japan and each of the Allied Powers is terminated as from the date on which the present Treaty comes into force between Japan and the Allied Power concerned as provided for in Article 23.

(b) The Allied Powers recognize the full sovereignty of the Japanese people over Japan and its territorial waters.

CHAPTER II

TERRITORY

Article 2

(a) Japan, recognizing the independence of Korea renounces all right, title and claim to Korea, including the islands of Quelpart, Port Hamilton and Dagelet.

¹For the text of the July 3 draft treaty in which the editors of the BULLETIN incorporated revisions announced in Department of State press release 650 of July 20, see BULLETIN of July 23, 1951, p. 132.

(b) Japan renounces all right, title and claim to Formosa and the Pescadores.

(c) Japan renounces all right, title and claim to the Kurile Islands, and to that portion of Sakhalin and the islands adjacent to it over which Japan acquired sovereignty as a consequence of the Treaty of Portsmouth of September 5, 1905.

(d) Japan renounces all right, title and claim in connection with the League of Nations Mandate System, and accepts the action of the United Nations Security Council of April 2, 1947, extending the trusteeship system to the Pacific Islands formerly under mandate to Japan.

(e) Japan renounces all claim to any right or title to or interest in connection with any part of the Antarctic area, whether deriving from the activities of Japanese nationals or otherwise.

(f) Japan renounces all right, title and claim to the Spratly Islands and to the Paracel Islands.

Article 3

Japan will concur in any proposal of the United States to the United Nations to place under its trusteeship system, with the United States as the sole administering authority, Nansei Shoto south of 29° north latitude (including the Ryukyu Islands and the Daito Islands), Nanpo Shoto south of Sofu Gan (including the Bonin Islands, Rosario Island and the Volcano Islands) and Parece Vela and Marcus Island. Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters.

Article 4

(a) Subject to the provisions of paragraph (b) of this Article, the disposition of property of Japan and of its nationals in the areas referred to in Article 2, and their claims, including debts, against the authorities presently administering such areas and the residents (including juridical persons) thereof, and the disposition in Japan of property of such authorities and residents, and of claims, including debts, of such authorities and residents against Japan and its nationals, shall be the subject of special arrangements between Japan and such authorities. The property of any of the Allied Powers or its nationals in the areas referred to in Article 2 shall, insofar as this has not already been done, be returned by the administering authority in the condition in which it now exists. (The term nationals whenever used in the present Treaty includes juridical persons.)

(b) Japan recognizes the validity of dispositions of property of Japan and Japanese nationals made by or pursuant to directives of the United States Military Government in any of the areas referred to in Articles 2 and 3.

(c) Japanese owned submarine cables connecting Japan with territory removed from Japanese control pursuant to the present Treaty shall be equally divided, Japan retaining the Japanese terminal and adjoining half of the cable, and the detached territory the remainder of the cable and connecting terminal facilities.

CHAPTER III

SECURITY

Article 5

(a) Japan accepts the obligations set forth in Article 2 of the Charter of the United Nations, and in particular the obligations

(i) to settle its international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered;

(ii) to refrain in its international relations from the threat or use of force against the territorial integrity

or political independence of any State or in any other manner inconsistent with the Purposes of the United Nations;

(iii) to give the United Nations every assistance in any action it takes in accordance with the Charter and to refrain from giving assistance to any State against which the United Nations may take preventive or enforcement action.

(b) The Allied Powers confirm that they will be guided by the principles of Article 2 of the Charter of the United Nations in their relations with Japan.

(c) The Allied Powers for their part recognize that Japan as a sovereign nation possesses the inherent right of individual or collective self-defense referred to in Article 51 of the Charter of the United Nations and that Japan may voluntarily enter into collective security arrangements.

Article 6

(a) All occupation forces of the Allied Powers shall be withdrawn from Japan as soon as possible after the coming into force of the present Treaty, and in any case not later than 90 days thereafter. Nothing in this provision shall, however, prevent the stationing or retention of foreign armed forces in Japanese territory under or in consequence of any bilateral or multilateral agreements which have been or may be made between one or more of the Allied Powers, on the one hand, and Japan on the other.

(b) The provisions of Article 9 of the Potsdam Proclamation of July 26, 1945, dealing with the return of Japanese military forces to their homes, to the extent not already completed, will be carried out.

(c) All Japanese property for which compensation has not already been paid, which was supplied for the use of the occupation forces and which remains in the possession of those forces at the time of the coming into force of the present Treaty, shall be returned to the Japanese Government within the same 90 days unless other arrangements are made by mutual agreement.

CHAPTER IV

POLITICAL AND ECONOMIC CLAUSES

Article 7

(a) Each of the Allied Powers, within one year after the present Treaty has come into force between it and Japan, will notify Japan which of its prewar bilateral treaties or conventions with Japan it wishes to continue in force or revive, and any treaties or conventions so notified shall continue in force or be revived subject only to such amendments as may be necessary to ensure conformity with the present Treaty. The treaties and conventions so notified shall be considered as having been continued in force or revived three months after the date of notification and shall be registered with the Secretariat of the United Nations. All such treaties and conventions as to which Japan is not so notified shall be regarded as abrogated.

(b) Any notification made under paragraph (a) of this Article may except from the operation or revival of a treaty or convention any territory for the international relations of which the notifying Power is responsible, until three months after the date on which notice is given to Japan that such exception shall cease to apply.

Article 8

(a) Japan will recognize the full force of all treaties now or hereafter concluded by the Allied Powers for terminating the state of war initiated on September 1, 1939, as well as any other arrangements by the Allied Powers for or in connection with the restoration of peace. Japan also accepts the arrangements made for terminating the former League of Nations and Permanent Court of International Justice.

(b) Japan renounces all such rights and interests as it may derive from being a signatory power of the Conventions of St. Germain-en-Laye of September 10, 1919, and the Straits Agreement of Montreux of July 20, 1936, and from Article 16 of the Treaty of Peace with Turkey signed at Lausanne on July 24, 1923.

(c) Japan renounces all rights, title and interests acquired under, and is discharged from all obligations resulting from, the Agreement between Germany and the Creditor Powers of January 20, 1930, and its Annexes, including the Trust Agreement, dated May 17, 1930; the Convention of January 20, 1930, respecting the Bank for International Settlements; and the Statutes of the Bank for International Settlements. Japan will notify to the Ministry of Foreign Affairs in Paris within six months of the first coming into force of the present Treaty its renunciation of the rights, title and interests referred to in this paragraph.

Article 9

Japan will enter promptly into negotiations with the Allied Powers so desiring for the conclusion of bilateral and multilateral agreements providing for the regulation or limitation of fishing and the conservation and development of fisheries on the high seas.

Article 10

Japan renounces all special rights and interests in China, including all benefits and privileges resulting from the provisions of the final Protocol signed at Peking on September 7, 1901, and all annexes, notes and documents supplementary thereto, and agrees to the abrogation in respect to Japan of the said protocol, annexes, notes and documents.

Article 11

Japan accepts the judgments of the International Military Tribunal for the Far East and of other Allied War Crimes Courts both within and outside Japan, and will carry out the sentences imposed thereby upon Japanese nationals imprisoned in Japan. The power to grant clemency, to reduce sentences and to parole with respect to such prisoners may not be exercised except on the decision of the Government or Governments which imposed the sentence in each instance, and on the recommendation of Japan. In the case of persons sentenced by the International Military Tribunal for the Far East, such power may not be exercised except on the decision of a majority of the Governments represented on the Tribunal, and on the recommendation of Japan.

Article 12

(a) Japan declares its readiness promptly to enter into negotiations for the conclusion with each of the Allied Powers of treaties or agreements to place their trading, maritime and other commercial relations on a stable and friendly basis.

(b) Pending the conclusion of the relevant treaty or agreement, Japan will, during a period of four years from the first coming into force of the present Treaty

(1) accord to each of the Allied Powers, its nationals, products and vessels

(i) most-favored-nation treatment with respect to customs duties, charges, restrictions and other regulations on or in connection with the importation and exportation of goods;

(ii) national treatment with respect to shipping, navigation and imported goods, and with respect to natural and juridical persons and their interests—such treatment to include all matters pertaining to the levying and collection of taxes, access to the courts, the making and performance of contracts, rights to property (tangible and intangible), participation in juridical entities constituted under Japanese law, and generally the conduct of all kinds of business and professional activities;

(2) ensure that external purchases and sales of Japanese state trading enterprises shall be based solely on commercial considerations.

(c) In respect to any matter, however, Japan shall be obliged to accord to an Allied Power national treatment, or most-favored-nation treatment, only to the extent that the Allied Power concerned accords Japan national treatment or most-favored-nation treatment, as the case may be, in respect of the same matter. The reciprocity envisaged in the foregoing sentence shall be determined, in the case of products, vessels and juridical entities of, and persons domiciled in, any non-metropolitan territory of an Allied Power, and in the case of juridical entities of, and persons domiciled in, any state or province of an Allied Power having a federal government, by reference to the treatment accorded to Japan in such territory, state or province.

(d) In the application of this Article, a discriminatory measure shall not be considered to derogate from the grant of national or most-favored-nation treatment, as the case may be, if such measure is based on an exception customarily provided for in the commercial treaties of the party applying it, or on the need to safeguard that party's external financial position or balance of payments (except in respect to shipping and navigation), or on the need to maintain its essential security interests, and provided such measure is proportionate to the circumstances and not applied in an arbitrary or unreasonable manner.

(e) Japan's obligations under this Article shall not be affected by the exercise of any Allied rights under Article 14 of the present Treaty; nor shall the provisions of this Article be understood as limiting the undertakings assumed by Japan by virtue of Article 15 of the Treaty.

Article 13

(a) Japan will enter into negotiations with any of the Allied Powers, promptly upon the request of such Power or Powers, for the conclusion of bilateral or multilateral agreements relating to international civil air transport.

(b) Pending the conclusion of such agreement or agreements, Japan will, during a period of four years from the first coming into force of the present Treaty, extend to such Power treatment not less favorable with respect to air-traffic rights and privileges than those exercised by any such Powers at the date of such coming into force, and will accord complete equality of opportunity in respect to the operation and development of air services.

(c) Pending its becoming a party to the Convention on International Civil Aviation in accordance with Article 93 thereof, Japan will give effect to the provisions of that Convention applicable to the international navigation of aircraft, and will give effect to the standards, practices and procedures adopted as annexes to the Convention in accordance with the terms of the Convention.

CHAPTER V

CLAIMS AND PROPERTY

Article 14

(a) It is recognized that Japan should pay reparations to the Allied Powers for the damage and suffering caused by it during the war. Nevertheless it is also recognized that the resources of Japan are not presently sufficient, if it is to maintain a viable economy, to make complete reparation for all such damage and suffering and at the same time meet its other obligations.

Therefore,

1. Japan will promptly enter into negotiations with Allied Powers so desiring, whose present territories were occupied by Japanese forces and damaged by Japan, with a view to assisting to compensate those countries for the cost of repairing the damage done, by making available the services of the Japanese people in production, salvaging and other work for the Allied Powers in question.

Such arrangements shall avoid the imposition of additional liabilities on other Allied Powers, and, where the manufacturing of raw materials is called for, they shall be supplied by the Allied Powers in question, so as not to throw any foreign exchange burden upon Japan.

2. (I) Subject to the provisions of sub-paragraph (II) below, each of the Allied Powers shall have the right to seize, retain, liquidate or otherwise dispose of all property, rights and interests of

- (a) Japan and Japanese nationals,
- (b) persons acting for or on behalf of Japan or Japanese nationals, and
- (c) entities owned or controlled by Japan or Japanese nationals,

which on the first coming into force of the present Treaty were subject to its jurisdiction. The property, rights and interests specified in this sub-paragraph shall include those now blocked, vested or in the possession or under the control of enemy property authorities of Allied Powers, which belonged to, or were held or managed on behalf of, any of the persons or entities mentioned in (a), (b) or (c) above at the time such assets came under the controls of such authorities.

(II) The following shall be excepted from the right specified in sub-paragraph (I) above:

- (i) property of Japanese natural persons who during the war resided with the permission of the Government concerned in the territory of one of the Allied Powers, other than territory occupied by Japan, except property subjected to restrictions during the war and not released from such restrictions as of the date of the first coming into force of the present Treaty;
- (ii) all real property, furniture and fixtures owned by the Government of Japan and used for diplomatic or consular purposes, and all personal furniture and furnishings and other private property not of an investment nature which was normally necessary for the carrying out of diplomatic and consular functions, owned by Japanese diplomatic and consular personnel;
- (iii) property belonging to religious bodies or private charitable institutions and used exclusively for religious or charitable purposes;
- (iv) property, rights and interests which have come within its jurisdiction in consequence of the resumption of trade and financial relations subsequent to September 2, 1945, between the country concerned and Japan, except such as have resulted from transactions contrary to the laws of the Allied Power concerned;
- (v) obligations of Japan or Japanese nationals, any right, title or interest in tangible property located in Japan, interests in enterprises organized under the laws of Japan, or any paper evidence thereof; provided that this exception shall only apply to obligations of Japan and its nationals expressed in Japanese currency.

(III) Property referred to in exceptions (i) through (v) above shall be returned subject to reasonable expenses for its preservation and administration. If any such property has been liquidated the proceeds shall be returned instead.

(IV) The right to seize, retain, liquidate or otherwise dispose of property as provided in sub-paragraph (I) above shall be exercised in accordance with the laws of the Allied Power concerned, and the owner shall have only such rights as may be given him by those laws.

(V) The Allied Powers agree to deal with Japanese trademarks and literary and artistic property rights on a basis as favorable to Japan as circumstances ruling in each country will permit.

(b) Except as otherwise provided in the present Treaty, the Allied Powers waive all reparations claims of the Allied Powers, other claims of the Allied Powers and

their nationals arising out of any actions taken by Japan and its nationals in the course of the prosecution of the war, and claims of the Allied Powers for direct military costs of occupation.

Article 15

(a) Upon application made within nine months of the coming into force of the present Treaty between Japan and the Allied Power concerned, Japan will, within six months of the date of such application, return the property, tangible and intangible, and all rights or interests of any kind in Japan of each Allied Power and its nationals which was within Japan at any time between December 7, 1941, and September 2, 1945, unless the owner has freely disposed thereof without duress or fraud. Such property shall be returned free of all encumbrances and charges to which it may have become subject because of the war, and without any charges for its return. Property whose return is not applied for by or on behalf of the owner or by his Government within the prescribed period may be disposed of by the Japanese Government as it may determine. In cases where such property was within Japan on December 7, 1941, and cannot be returned or has suffered injury or damage as a result of the war, compensation will be made on terms not less favorable than the terms provided in the draft Allied Powers Property Compensation Law approved by the Japanese Cabinet on July 13, 1951.

(b) With respect to industrial property rights impaired during the war, Japan will continue to accord to the Allied Powers and their nationals benefits no less than those heretofore accorded by Cabinet Orders No. 309 effective September 1, 1949, No. 12 effective January 28, 1950, and No. 9 effective February 1, 1950, all as now amended, provided such nationals have applied for such benefits within the time limits prescribed therein.

(c) (i) Japan acknowledges that the literary and artistic property rights which existed in Japan on December 6, 1941, in respect to the published and unpublished works of the Allied Powers and their nationals have continued in force since that date, and recognizes those rights which have arisen, or but for the war would have arisen, in Japan since that date, by the operation of any conventions and agreements to which Japan was a party on that date, irrespective of whether or not such conventions or agreements were abrogated or suspended upon or since the outbreak of war by the domestic law of Japan or of the Allied Power concerned.

(ii) Without the need for application by the proprietor of the right and without the payment of any fee or compliance with any other formality, the period from December 7, 1941, until the coming into force of the present Treaty between Japan and the Allied Power concerned shall be excluded from the running of the normal term of such rights; and such period, within an additional period of six months, shall be excluded from the time within which a literary work must be translated into Japanese in order to obtain translating rights in Japan.

Article 16

As an expression of its desire to indemnify those members of the armed forces of the Allied Powers who suffered undue hardships while prisoners of war of Japan, Japan will transfer its assets and those of its nationals in countries which were neutral during the war, or which were at war with any of the Allied Powers, or, at its option, the equivalent of such assets, to the International Committee of the Red Cross which shall liquidate such assets and distribute the resultant fund to appropriate national agencies, for the benefit of former prisoners of war and their families on such basis as it may determine to be equitable. The categories of assets described in Article 14 (a) 2 (II) (ii) through (v) of the present Treaty shall be excepted from transfer, as well as assets of Japanese natural persons not residents of Japan on the first coming into force of the Treaty. It is equally

understood that the transfer provision of this Article has no application to the 19,770 shares in the Bank for International Settlements presently owned by Japanese financial institutions.

Article 17

(a) Upon the request of any of the Allied Powers, the Japanese Government shall review and revise in conformity with international law any decision or order of the Japanese Prize Courts in cases involving ownership rights of nationals of that Allied Power and shall supply copies of all documents comprising the records of these cases, including the decisions taken and orders issued. In any case in which such review or revision shows that restoration is due, the provisions of Article 15 shall apply to the property concerned.

(b) The Japanese Government shall take the necessary measures to enable nationals of any of the Allied Powers at any time within one year from the coming into force of the present Treaty between Japan and the Allied Power concerned to submit to the appropriate Japanese authorities for review any judgment given by a Japanese court between December 7, 1941, and such coming into force, in any proceedings in which any such national was unable to make adequate presentation of his case either as plaintiff or defendant. The Japanese Government shall provide that, where the national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances.

Article 18

(a) It is recognized that the intervention of the state of war has not affected the obligation to pay pecuniary debts arising out of obligations and contracts (including those in respect of bonds) which existed and rights which were acquired before the existence of a state of war, and which are due by the Government or nationals of Japan to the Government or nationals of one of the Allied Powers, or are due by the Government or nationals of one of the Allied Powers to the Government or nationals of Japan. The intervention of a state of war shall equally not be regarded as affecting the obligation to consider on their merits claims for loss or damage to property or for personal injury or death which arose before the existence of a state of war, and which may be presented or represented by the Government of one of the Allied Powers to the Government of Japan, or by the Government of Japan to any of the Governments of the Allied Powers. The provisions of this paragraph are without prejudice to the rights conferred by Article 14.

(b) Japan affirms its liability for the prewar external debt of the Japanese State and for debts of corporate bodies subsequently declared to be liabilities of the Japanese State, and expresses its intention to enter into negotiations at an early date with its creditors with respect to the resumption of payments on those debts; to encourage negotiations in respect to other prewar claims and obligations; and to facilitate the transfer of sums accordingly.

Article 19

(a) Japan waives all claims of Japan and its nationals against the Allied Powers and their nationals arising out of the war or out of actions taken because of the existence of a state of war, and waives all claims arising from the presence, operations or actions of forces or authorities of any of the Allied Powers in Japanese territory prior to the coming into force of the present Treaty.

(b) The foregoing waiver includes any claims arising out of actions taken by any of the Allied Powers with respect to Japanese ships between September 1, 1939, and the coming into force of the present Treaty, as well as any claims and debts arising in respect to Japanese prisoners of war and civilian internees in the hands of the Allied Powers, but does not include Japanese claims

specifically recognized in the laws of any Allied Power enacted since September 2, 1945.

(c) Subject to reciprocal renunciation, the Japanese Government also renounces all claims (including debts) against Germany and German nationals on behalf of the Japanese Government and Japanese nationals, including intergovernmental claims and claims for loss or damage sustained during the war, but excepting (a) claims in respect of contracts entered into and rights acquired before September 1, 1939, and (b) claims arising out of trade and financial relations between Japan and Germany after September 2, 1945. Such renunciation shall not prejudice actions taken in accordance with Articles 16 and 20 of the present Treaty.

(d) Japan recognizes the validity of all acts and omissions done during the period of occupation under or in consequence of directives of the occupation authorities or authorized by Japanese law at that time, and will take no action subjecting Allied nationals to civil or criminal liability arising out of such acts or omissions.

Article 20

Japan will take all necessary measures to ensure such disposition of German assets in Japan as has been or may be determined by those powers entitled under the Protocol of the proceedings of the Berlin Conference of 1945 to dispose of those assets, and pending the final disposition of such assets will be responsible for the conservation and administration thereof.

Article 21

Notwithstanding the provisions of Article 25 of the present Treaty, China shall be entitled to the benefits of Articles 10 and 14 (a) 2; and Korea to the benefits of Articles 2, 4, 9 and 12 of the present Treaty.

CHAPTER VI

SETTLEMENT OF DISPUTES

Article 22

If in the opinion of any Party to the present Treaty there has arisen a dispute concerning the interpretation or execution of the Treaty, which is not settled by reference to a special claims tribunal or by other agreed means, the dispute shall, at the request of any party thereto, be referred for decision to the International Court of Justice. Japan and those Allied Powers which are not already parties to the Statute of the International Court of Justice will deposit with the Registrar of the Court, at the time of their respective ratifications of the present Treaty, and in conformity with the resolution of the United Nations Security Council, dated October 15, 1946, a general declaration accepting the jurisdiction, without special agreement, of the Court generally in respect to all disputes of the character referred to in this Article.

CHAPTER VII

FINAL CLAUSES

Article 23

(a) The present Treaty shall be ratified by the States which sign it, including Japan, and will come into force for all the States which have then ratified it, when instruments of ratification have been deposited by Japan and by a majority, including the United States of America as the principal occupying Power, of the following States, [here would appear the names of such of the following States as are signatories to the present Treaty] namely Australia, Burma, Canada, Ceylon, France, India, Indonesia, the Netherlands, New Zealand, Pakistan, the Philippines, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, and the United States of America. The present Treaty shall come into

force for each State which subsequently ratifies it, on the date of the deposit of its instrument of ratification.

(b) If the Treaty has not come into force within nine months after the date of the deposit of Japan's ratification, any State which has ratified it may bring the Treaty into force between itself and Japan by a notification to that effect given to the Government of Japan and of the United States of America not later than three years after the date of deposit of Japan's ratification.

Article 24

All instruments of ratification shall be deposited with the Government of the United States of America which will notify all the signatory States of each such deposit, of the date of the coming into force of the Treaty under paragraph (a) of Article 23, and of any notifications made under paragraph (b) of Article 23.

Article 25

For the purposes of the present Treaty the Allied Powers shall be the States at war with Japan, or any State which previously formed a part of the territory of a State named in Article 23, provided that in each case the State concerned has signed and ratified the Treaty. Subject to the provisions of Article 21, the present Treaty shall not confer any rights, titles or benefits on any State which is not an Allied Power as herein defined; nor shall any right, title or interest of Japan be deemed to be diminished or prejudiced by any provision of the Treaty in favor of a State which is not an Allied Power as so defined.

Article 26

Japan will be prepared to conclude with any State which signed or adhered to the United Nations Declaration of January 1, 1942, and which is at war with Japan, or with any State which previously formed a part of the territory of a State named in Article 23, which is not a signatory of the present Treaty, a bilateral Treaty of Peace on the same or substantially the same terms as are provided for in the present Treaty, but this obligation on the part of Japan will expire three years after the first coming into force of the present Treaty. Should Japan make a peace settlement or war claims settlement with any State granting that State greater advantages than those provided by the present Treaty, those same advantages shall be extended to the parties to the present Treaty.

Article 27

The present Treaty shall be deposited in the archives of the Government of the United States of America which shall furnish each signatory State with a certified copy thereof.

IN FAITH WHEREOF the undersigned Plenipotentiaries have signed the present Treaty.

DONE at the city of San Francisco this _____ day of _____ 1951, in the English, French, Russian [if the Soviet Union is signatory] and Spanish languages, all being equally authentic, and in the Japanese language.

Revisions to July 20 Text of Treaty

Delete "Draft" in title.

Delete "Preamble".

Article 1: Delete "hereby." Delete comma after "concerned." Add as second paragraph "(b) The Allied Powers recognize the full sovereignty of the Japanese people over Japan and its territorial waters." Insert "(a)" beginning first paragraph.

Article 2 (f): Revise to read "Japan renounces all right, title and claim to the Spratly Islands and to the Paracel Islands."

Article 4: Insert "Subject to the provisions of paragraph (b) of this article," beginning paragraph (a).

Change "Articles 2 and 3" to "Article 2" in two places. Substitute "such areas" for "the areas referred to above." Insert new paragraph (b) reading:

(b) Japan recognizes the validity of dispositions of property of Japan and Japanese nationals made by or pursuant to directives of the US Military Government in any of the areas referred to in Articles 2 and 3. Reletter last paragraph "(c)."

Article 6: Insert new paragraph (b) reading:

(b) The provisions of Article 9 of the Potsdam Proclamation of July 26, 1945, dealing with the return of Japanese Military forces to their homes, to the extent not already completed, will be carried out. Reletter last paragraph "(c)."

Article 7: Insert "or conventions" after "treaties" in two places in the first sentence and "and conventions" after "treaties" in the second and third sentences. Insert "or convention" after "treaty" in paragraph (b).

Article 8: Substitute "it" for "she" in paragraph (b). Insert "first" before "coming into force" in paragraph (c).

Article 11: Insert "to" before "reduce" and before "parole."

Article 12: Insert "first" before "coming into force" in the opening clause of paragraph (b). Eliminate the comma after "rights to property" in subparagraph (ii) and insert "(tangible and intangible)". In paragraph (e) delete "paragraph (b) of" and substitute "this Article" for "that paragraph."

Article 13: In paragraph (b) insert "from the first coming into force of the present Treaty," after "four years" and substitute "date of such coming into force," for "time of coming into force of the present Treaty." Insert "will" before "give" second time that word appears in paragraph (c).

Article 14: Substitute following for opening paragraph:

(a) It is recognized that Japan should pay reparations to the Allied Powers for the damage and suffering caused by it during the war. Nevertheless it is also recognized that the resources of Japan are not presently sufficient, if it is to maintain a viable economy, to make complete reparation for all such damage and suffering and at the same time meet its other obligations.

Therefore,

In the first sentence of subparagraph 1 delete after "available" and substitute "the services of the Japanese people in production, salvaging and other work for the Allied Powers in question."

Insert "Subject to the provisions of subparagraph (II) below," at beginning subparagraph 2 (I).

Delete "which on the coming into force of the present Treaty were subject to its jurisdiction, except:" and substitute the following:

which on the first coming into force of the present Treaty were subject to its jurisdiction. The property, rights and interests specified in this subparagraph shall include those now blocked, vested or in the possession or under the control of enemy property authorities of Allied Powers, which belonged to, or were held or managed on behalf of, any of the persons or entities mentioned in (a), (b) or (c) above at the time such assets came under the controls of such authorities.

(II) The following shall be excepted from the right specified in subparagraph (I) above:

Substitute "natural persons" for "nationals" in the first line of subparagraph (i). Delete after "Japan," that subparagraph "except property subjected to restrictions during the war and not released from such restrictions as of the date of the first coming into force of the present Treaty;"

Delete subparagraph (iv) and substitute the following:

(iv) property, rights and interests which have come within its jurisdiction in consequence of the resumption of trade and financial relations subsequent to September 2, 1945, between the country concerned and Japan, except such as have resulted

from transactions contrary to the laws of the Allied Power concerned;

Renumber subparagraphs II, III and IV to be III, IV and V respectively. In renumbered subparagraph III change "(i) to (v)" to "(i) through (v)." In renumbered subparagraph IV delete "Japanese property referred to" and substitute "property as provided in subparagraph (I)." Delete "Japanese" before "owner."

Article 15. In paragraph (a) insert "between Japan and the Allied Power concerned," after "Treaty" near beginning of paragraph. Delete "the owner" in third sentence and substitute "or on behalf of the owner or by his Government." Delete after "injury" in fourth sentence and substitute "or damage as a result of the war, compensation will be made on terms not less favorable than the terms provided in the draft Allied Powers Property Compensation Law approved by the Japanese Cabinet on July 13, 1951."

In subparagraph (ii) delete comma after "Treaty" and insert "between Japan and the Allied Power concerned."

Delete Note.

Article 16: Insert "to appropriate national agencies," after "resultant fund." In "Article 14 (a) 2 (I) (ii) through (v)" change "(I)" to "(II)." Change period to comma at end of second sentence and add "as well as assets of Japanese natural persons not residents of Japan on the first coming into force of the Treaty."

Delete Note.

Article 17: In paragraph (b) insert "between Japan and the Allied Power concerned" after "Treaty" where that word first appears. Delete "and the coming into force of the present Treaty" after "1941," and substitute "and such coming into force."

Article 18: In paragraph (b) substitute "encourage" for "facilitate" and "other" for "private."

Article 19: Change period at the end of paragraph (b) to comma and add "but does not include Japanese claims specifically recognized in the laws of any Allied Power enacted since September 2, 1945." Add at end of paragraph (c) "Such renunciation shall not prejudice actions taken in accordance with Articles 16 and 20 of the present Treaty." Add new paragraph (d) reading:

(d) Japan recognizes the validity of all acts and omissions done during the period of occupation under or in consequence of directives of the occupation authorities or authorized by Japanese law at that time, and will take no action subjecting Allied nationals to civil or criminal liability arising out of such acts or omissions.

Article 21: Insert "4," between "2," and "9."

Article 22: Insert "reference to a special claims tribunal or by" after "not settled by"

Article 23: In paragraph (a) substitute square brackets for parentheses.

Article 24: Delete after "deposit" and substitute ", of the date of the coming into force of the Treaty under paragraph (a) of Article 23, and of any notifications made under paragraph (b) of Article 23."

Article 25: Delete after "Japan" in first sentence and substitute, "or any State which previously formed a part of the territory of a State named in Article 23, provided that in each case the State concerned has signed and ratified the Treaty."

Article 26: In first sentence insert "or with any State which previously formed a part of the territory of a State named in Article 23," after "at war with Japan." Insert "first" before "coming into force"

Article 27: Delete after "thereof"

Insert "the city of San Francisco" in first blank. Insert "[if the Soviet Union is signatory]" after "Russian"

DECLARATION

With respect to the Treaty of Peace signed this day, the Government of Japan makes the following Declaration:

1. Except as otherwise provided in the said Treaty of Peace, Japan recognizes the full force of all presently

effective multilateral international instruments to which Japan was a party on September 1, 1939, and declares that it will, on the first coming into force of the said Treaty, resume all its rights and obligations under those instruments. Where, however, participation in any instrument involves membership in an international organization of which Japan ceased to be a member on or after September 1, 1939, the provisions of the present paragraph shall be dependent on Japan's readmission to membership in the organization concerned.

2. It is the intention of the Japanese Government formally to accede to the following international instruments within the shortest practicable time, not to exceed one year from the first coming into force of the Treaty of Peace:

- (1) Protocol opened for signature at Lake Success on December 11, 1946, amending the agreements, conventions and protocols on narcotic drugs of January 23, 1912, February 11, 1925, February 19, 1925, July 13, 1931, November 27, 1931, and June 26, 1936;
- (2) Protocol opened for signature at Paris on November 19, 1948, bringing under international control drugs outside the scope of the convention of July 13, 1931, for limiting the manufacture and regulating the distribution of narcotic drugs, as amended by the protocol signed at Lake Success on December 11, 1946;
- (3) International Convention on the Execution of Foreign Arbitral Awards signed at Geneva on September 26, 1927;
- (4) International Convention relating to Economic Statistics with protocol signed at Geneva on December 14, 1928, and Protocol amending the International Convention of 1928 relating to Economic Statistics signed at Paris on December 9, 1948.
- (5) International Convention relating to the simplification of Customs Formalities, with protocol of signature, signed at Geneva on November 3, 1923.
- (6) Agreement of Madrid of April 14, 1891, for the Prevention of False Indication of Origin of Goods, as revised at Washington on June 2, 1911, at The Hague on November 6, 1925, and at London on June 2, 1934;
- (7) Convention for the unification of certain rules relating to international transportation by air, and additional protocol, signed at Warsaw on October 12, 1929;
- (8) Convention on safety of life at sea opened for signature at London on June 10, 1948;
- (9) Geneva conventions of August 12, 1949, for the protection of war victims.

3. It is equally the intention of the Japanese Government, within six months of the first coming into force of the Treaty of Peace, to apply for Japan's admission to participation in (a) the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944, and, as soon as Japan is itself a party to that Convention, to accept the International Air Services Transit Agreement also opened for signature at Chicago on December 7, 1944; and (b) the Convention of the World Meteorological Organization opened for signature at Washington on October 11, 1947.

Revisions to July 20 Text of Declaration by Government of Japan¹

In paragraph 1 insert "first" before "coming into force."

In paragraph 2 delete after "within" and substitute "the shortest practicable time, not to exceed one year from the first coming into force of the Treaty of Peace":

Revise subparagraph (6) to read:

(6) Agreement of Madrid of April 14, 1891, for the Prevention of False Indications of Origin of Goods, as revised at Washington on June 2, 1911, at The Hague on November 6, 1925, and at London on June 2, 1934; In paragraph 3 insert "first" before "coming into force". Delete after "Meteorological Organization" and substitute "opened for signature at Washington on October 11, 1947."

DECLARATION

With respect to the Treaty of Peace signed this day, the Government of Japan makes the following Declaration:

Japan will recognize any Commission, Delegation or other Organization authorized by any of the Allied Powers to identify, list, maintain or regulate its war graves, cemeteries and memorials in Japanese territory; will facilitate the work of such Organizations; and will, in respect of the above mentioned war graves, cemeteries and memorials, enter into negotiations for the conclusion of such agreements as may prove necessary with the Allied Power concerned, or with any Commission, Delegation or other Organization authorized by it.

Japan trusts that the Allied Powers will enter into discussions with the Japanese Government with a view to arrangements being made for the maintenance of any Japanese war graves or cemeteries which may exist in the territories of the Allied Powers and which it is desired to preserve.

Revisions to July 20 Text of Second Declaration by Government of Japan¹

Add new third paragraph reading:

"Japan trusts that the Allied Powers will enter into discussions with the Japanese Government with a view to arrangements being made for the maintenance of any Japanese war graves or cemeteries which may exist in the territories of the Allied Powers and which it is desired to preserve."

PROTOCOL

The Undersigned, duly authorized to that effect, have agreed on the following provisions for regulating the question of Contracts, Periods of Prescription and Negotiable Instruments, and the question of Contracts of Insurance, upon the restoration of peace with Japan:-

CONTRACTS, PRESCRIPTION AND NEGOTIABLE INSTRUMENTS

A. CONTRACTS

1. Any contract which required for its execution intercourse between any of the parties thereto having become enemies as defined in part F shall, subject to the exceptions set out in paragraphs 2 and 3 below, be deemed to have been dissolved as from the time when any of the parties thereto became enemies. Such dissolution, however, is without prejudice to the provisions of Articles 15 and 18 of the Treaty of Peace signed this day, nor shall it relieve any party to the contract from the obligation to repay amounts received as advances or as payments on account and in respect of which such party has not rendered performance in return.

2. Notwithstanding the provisions of paragraph 1 above, there shall be excepted from dissolution and, without prejudice to the rights contained in Article 14 of the Treaty of Peace signed this day, there shall remain in force such parts of any contract as are severable and

¹ See BULLETIN of July 23, 1951, p. 137.

² See BULLETIN of July 23, 1951, p. 137.

did not require for their execution intercourse between any of the parties thereto, having become enemies as defined in part F. Where the provisions of any contract are not so severable, the contract shall be deemed to have been dissolved in its entirety. The foregoing shall be subject to the application of domestic laws, orders or regulations made by a signatory hereto which is an Allied Power under the said Treaty of Peace and having jurisdiction over the contract or over any of the parties thereto and shall be subject to the terms of the contract.

3. Nothing in part A shall be deemed to invalidate transactions lawfully carried out in accordance with a contract between enemies if they have been carried out with the authorization of the Government concerned being the Government of a signatory hereto which is an Allied Power under the said Treaty of Peace.

4. Notwithstanding the foregoing provisions, contracts of insurance and reinsurance shall be dealt with in accordance with the provisions of parts D and E of the present Protocol.

B. PERIODS OF PRESCRIPTION

1. All periods of prescription or limitation of right of action or of the right to take conservatory measures in respect of relations affecting persons or property, involving nationals of the signatories hereto who, by reason of the state of war, were unable to take judicial action or to comply with the formalities necessary to safeguard their rights, irrespective of whether these periods commenced before or after the outbreak of war, shall be regarded as having been suspended, for the duration of the war in Japanese territory on the one hand, and on the other hand in the territory of those signatories which grant to Japan, on a reciprocal basis, the benefit of the provisions of this paragraph. These periods shall begin to run again on the coming into force of the Treaty of Peace signed this day. The provisions of this paragraph shall be applicable in regard to the periods fixed for the presentation of interest or dividend coupons or for the presentation for payment of securities drawn for repayment or repayable on any other ground, provided that in respect of such coupons or securities the period shall begin to run again on the date when money becomes available for payments to the holder of the coupon or security.

2. Where, on account of failure to perform any act or to comply with any formality during the war, measures of execution have been taken in Japanese territory to the prejudice of a national of one of the signatories being an Allied Power under the said Treaty of Peace, the Japanese Government shall restore the rights which have been detrimentally affected. If such restoration is impossible or would be inequitable the Japanese Government shall provide that the national of the signatory concerned shall be afforded such relief as may be just and equitable in the circumstances.

C. NEGOTIABLE INSTRUMENTS

1. As between enemies, no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment, or to give notice of non-acceptance or non-payment to drawers or endorsers, or to protest the instrument, nor by reason of failure to complete any formality during the war.

2. Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a period of not less than three months from the coming into force of the Treaty of Peace signed this day shall be allowed within which presentation,

notice of non-acceptance or non-payment, or protest may be made.

3. If a person has, either before or during the war, incurred obligations under a negotiable instrument in consequence of an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of these obligations, notwithstanding the outbreak of war.

D. INSURANCE AND REINSURANCE CONTRACTS (OTHER THAN LIFE) WHICH HAD NOT TERMINATED BEFORE THE DATE AT WHICH THE PARTIES BECAME ENEMIES

1. Contracts of Insurance shall be deemed not to have been dissolved by the fact of the parties becoming enemies, provided that the risk had attached before the date at which the parties became enemies, and the Insured had paid, before that date, all moneys owed by way of premium or consideration for effecting or keeping effective the Insurance in accordance with the Contract.

2. Contracts of Insurance other than those remaining in force under the preceding clause shall be deemed not to have come into existence, and any moneys paid thereunder shall be returnable.

3. Treaties and other Contracts of Reinsurance, save as hereinafter expressly provided, shall be deemed to have been determined as at the date the parties became enemies, and all cessions thereunder shall be cancelled with effect from that date. Provided that cessions in respect of voyage policies which had attached under a Treaty of Marine Reinsurance shall be deemed to have remained in full effect until their natural expiry in accordance with the terms and conditions on which the risk had been ceded.

4. Contracts of Facultative Reinsurance, where the risk had attached and all moneys owed by way of premium or consideration for effecting or keeping effective the Reinsurance had been paid or set off in the customary manner, shall, unless the reinsurance Contract otherwise provides, be deemed to have remained in full effect until the date at which the parties became enemies and to have been determined on that date.

Provided that such Facultative Reinsurances in respect of voyage policies shall be deemed to have remained in full effect until their natural expiry in accordance with the terms and conditions on which the risk had been ceded.

Provided further that Facultative Reinsurances in respect of a Contract of Insurance remaining in force under clause 1 above shall be deemed to have remained in full effect until the expiry of the original Insurance.

5. Contracts of Facultative Reinsurance other than those dealt with in the preceding clause, and all Contracts of Excess of Loss Reinsurance on an "Excess of Loss Ratio" basis and of Hail Reinsurance (whether facultative or not), shall be deemed not to have come into existence, and any moneys paid thereunder shall be returnable.

6. Unless the Treaty or other Contract of Reinsurance otherwise provides, premiums shall be adjusted on a *pro rata temporis* basis.

7. Contracts of Insurance or Reinsurance (including cessions under Treaties of Reinsurance) shall be deemed not to cover losses or claims caused by belligerent action by either Power of which any of the parties was a national or by the Allies or Associates of such Power.

8. Where an insurance has been transferred during the war from the original to another Insurer, or has been wholly reinsured, the transfer or reinsurance shall, whether effected voluntarily or by administrative or legislative action, be recognized and the liability of the original Insurer shall be deemed to have ceased as from the date of the transfer or reinsurance.

9. Where there was more than one Treaty or other Contract of Reinsurance between the same two parties, there shall be an adjustment of accounts between them, and in order to establish a resulting balance there shall be

brought into the accounts all balances (which shall include an agreed reserve for losses still outstanding) and all moneys which may be due from one party to the other under all such contracts or which may be returnable by virtue of any of the foregoing provisions.

10. No interest shall be payable by any of the parties for any delay which, owing to the parties having become enemies, has occurred or may occur in the settlement of premiums or claims or balances of account.

11. Nothing in this part of the present Protocol shall in any way prejudice or affect the rights given by Article 14 of the Treaty of Peace signed this day.

E. LIFE INSURANCE CONTRACTS

Where an insurance has been transferred during the war from the original to another insurer or has been wholly reinsured, the transfer of reinsurance shall, if effected at the instance of the Japanese administrative or legislative authorities, be recognized, and the liability of the original insurer shall be deemed to have ceased as from the date of the transfer of reinsurance.

F. SPECIAL PROVISION

For the purposes of the present Protocol, natural or juridical persons shall be regarded as enemies from the date when trading between them shall have become unlawful under laws, orders, or regulations to which such persons or the contracts were subject.

FINAL ARTICLE

The present Protocol is open for signature by Japan and any State signatory to the Treaty of Peace with Japan signed this day, and shall, in respect of the matters with which it deals, govern the relations between Japan and each of the other States signatory to the present Protocol as from the date when Japan and that State are both bound by the said Treaty of Peace.

The present Protocol shall be deposited in the archives of the Government of the United States of America which shall furnish each signatory State with a certified copy thereof.

IN FAITH WHEREOF the undersigned plenipotentiaries have signed the present Protocol.

DONE at the city of San Francisco this _____ day of _____ 1951, in the English, French, Russian [if the Soviet Union is signatory] and Spanish languages, all being equally authentic, and in the Japanese language.

Documents Relating to the Armistice Negotiations in Korea

U.N. Communiqué Issued August 13

Unproductive discussions continued today at the twenty-third session of the military armistice conference, with the Communists once again rejecting the United Nations Command suggestion that the problem of the location of the demilitarized zone be tabled temporarily, in order that possible points of agreement within Items 3 or 4 of the agenda might be explored.

General Nam Il also ignored Admiral Joy's invitation that the Communists offer for discussion their views on proposed adjustments to the United Nations Command's suggested demilita-

rized zone based on the present battle line and the over-all military situation.

The United Nations Command opened the morning session with a reply in detail to five questions submitted yesterday by General Nam Il. As Admiral Joy concluded, Nam Il, speaking from a previously prepared and translated paper, described the United Nations Command's answer as "not satisfactory."

The twenty-fourth session will be held tomorrow at 11 a. m. [9 p. m. August 13, eastern daylight time].

U.N. Communiqué Issued August 14

The question of the location of the demilitarized zone was no nearer a solution today at the conclusion of the twenty-fourth session of the Kaesong military conference.

Further efforts on the part of Admiral Joy to clarify through military reasoning the United Nations Command requirement for a sound militarily defensible line on the ground were without tangible results.

The twenty-fifth session will be held tomorrow at 11 a. m. [8 p. m., August 14, eastern standard time].

U.N. Communiqué Issued August 15

Continuing to explore every possible avenue of approach to the solution of Item 2 of the military armistice conference agenda, the United Nations Command today proposed that a joint subcommittee from within the delegates and staff be appointed to "make recommendations to the two delegations as to ways and means of emerging from the present deadlock."

Admiral Joy's suggestion came after another restatement by the Communists on their thus far inflexible stand on the Thirty-eighth Parallel and in which they continued to ignore the United Nations Command's frequently extended invitations to suggest adjustments.

Earlier during today's session both senior delegates expressed their respective but divergent views on the effectiveness of naval and air operations on the present over-all military situation.

Tomorrow's session will meet at 1 p. m.

Text of Statement of August 15 by Vice Admiral Joy, Chief U.N. Delegate

We have hung in a deadlock on Item 2 of our agenda for many days. We show no prospect of progress along present lines of procedure. I, therefore, recommend a new effort to break this deadlock.

One of our difficulties is the formality of the utterances of each delegation regarding the points

at issue. This is necessary in order to preserve order in these meetings involving ten delegates and their various assistants.

We suggest that each delegation appoint one delegate to membership in a joint subcommittee of the delegations. We suggest that these two delegates meet informally, to exchange views on Item 2 of our agenda. We suggest that the two delegations jointly charge this subcommittee to make recommendations to the two delegations as to ways and means of emerging from the present deadlock.

We suggest the two members of the subcommittee, one from each delegation, with a maximum of two assistants each including interpreters, be appointed.

It is our thought that neither delegation be bound by implication or contract to honor the recommendations of the joint subcommittee. Such recommendations would, of course, require ratification by the delegations. It is our thought that this subcommittee meet around, rather than across, a table and seek objectively to work out a solution to our present problem.

I am prepared to nominate my delegate and staff assistants.

If you desire to think this over, you can let us know tomorrow. If you agree in principle, but not in the details, we will consider your alternative proposal.

U.N. Communiqué Issued August 16

A joint subcommittee—composed of two delegates, one staff assistant and one interpreter from each side—will meet tomorrow at 1100 hours [9 a. m. eastern daylight time] in an effort to break the deadlock over the unsolved problem of the demilitarized zone.

Admiral Joy's proposal at yesterday's session of the military armistice conference, that a subcommittee "meet around rather than across a table," was this afternoon accepted by General Nam II, during the 26th session.

It was mutually agreed today to add another delegate from each side to the subcommittee. Admiral Joy's original suggestion had mentioned only one delegate each.

The plenary sessions of the military armistice conference will be recessed during the joint subcommittee meetings unless a session is mutually deemed desirable or is recommended by the subcommittee.

Final Meeting of the International Penal and Penitentiary Commission

The final meeting of the International Penal and Penitentiary Commission (IPPC) was convened at Bern, Switzerland, from July 2-7, 1951.

At its twelfth congress held at The Hague in August 1950, the IPPC, a 75-year old international organization for the furtherance of prison reform, voted to dissolve and to turn over its work to the United Nations. The terms of such dissolution were accepted by the United Nations in December 1950.

The purpose of the meeting at Bern was to arrange for the details of the termination of the IPPC and to consider a proposal for setting up a foundation under which the residual assets of the organization could be held to await developments.

As a consequence, the IPPC has sold its real estate to a nearby hospital, and has turned over assets amounting to approximately 600,000 Swiss francs (\$150,000) to the trustees of a foundation, to be known as the IPPC Foundation, to hold for future developments. Of such assets only the income thereof can be used for the expenses of the foundation, which has as its purpose the promotion of studies in the field of the prevention of crime and the treatment of offenders, especially by scientific research, publications, and teaching.

Thus ended negotiations extending over a 4-year period to transfer this activity to the United Nations, in harmony with the Department of State's policy of concentrating the activities and reducing the number of intergovernmental international organizations.

Tripartite Commission on German Debts

On July 17 the Tripartite Commission on German Debts at London issued the following communiqué:

The preliminary consultations in London between the Tripartite Commission on German Debts, the delegation of the German Federal Republic, representatives of creditor organizations in France, the United States and the United Kingdom, representatives of German debtors and observers from certain countries with major creditor interests, have ended today.

In the 10 days of meetings which have taken place since the consultations began on July 5, the interests represented have had the opportunity for detailed exchanges of views on the many problems involved. These exchanges will facilitate the work of the full conference planned for the autumn. At this conference all the main interested parties, including creditors from countries not so far represented, will seek to reach solutions which could be embodied in an intergovernmental agreement.

U.S. Delegations to International Conferences

Mechanical Wood Technology

The Department of State announced on July 30 that Lorraine J. Markwardt, Assistant Director, Forest Products Laboratory, Forest Service, Department of Agriculture, will serve as United States delegate to the second Conference on Mechanical Wood Technology, to be convened by the Food and Agriculture Organization of the United Nations at Igels, Austria, August 6 to 19, 1951.

The purpose of this meeting is to consider various problems of a mechanical and engineering nature relating to the utilization of wood and wood-base materials and to continue the work started at previous meetings toward world-wide agreement on standard methods for the mechanical testing of timber and other forest products.

The first Conference on Mechanical Wood Technology was held at Geneva, Switzerland, in August and September 1949.

Radio Conference of ITU

On August 13 the Department of State announced that the Extraordinary Administrative Radio Conference of the International Telecommunication Union (ITU), originally scheduled to be held at The Hague last September, will convene at Geneva, Switzerland, on August 16, 1951. The United States delegation is as follows:

Chairman

W. Walton Butterworth, American Ambassador, Stockholm, Sweden

Vice Chairmen

Harvey B. Otterman, Associate Chief, Telecommunications Policy Staff, Department of State
Carl W. Loeber, Consultant to Office of Transport and Communications, Department of State

Special Assistant to Chairman

Arthur L. Lebel, Assistant Chief, Telecommunications Policy Staff, Department of State

Members

Mucio F. Delgado, Special Assistant to the Chief, Division of International Broadcasting, Department of State, New York, N. Y.
Richard G. Hall, Maj., U.S.A.F., Chief, Communications Liaison Branch, Directorate of Communications, Department of the Air Force

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In 1947 the Atlantic City radio conference decided to undertake a complete study of the Interna-

tional Radio Frequency List and to adopt a new frequency list based upon sound engineering principles. To this end the conference adopted general principles and provided for future meetings of the Provisional Frequency Board, the High Frequency Broadcasting Conference, the International Administrative Aeronautical Radio Conference, and others, for the purpose of drawing up frequency lists, which taken together would comprise a long-range plan of orderly frequency assignment and use. These meetings have been held during the period since 1947, and frequency lists having varying degrees of international acceptance were drawn up. The Extraordinary Administrative Radio Conference is the culmination of these meetings and this work.

The agenda for the forthcoming conference includes (1) consideration of the draft frequency lists prepared by the Provisional Frequency Board and any other lists which appear to afford promise of agreement; (2) consideration of proposals for bringing into force the decisions of Atlantic City, particularly the table of frequency allocations, with respect to those portions of the radio spectrum for which no preagreed lists exist; (3) necessary decisions concerning the procedures and effective dates of implementation of the Atlantic City table of frequency allocations; and (4) necessary measures for the dissolution of the Provisional Frequency Board and to determine what duties shall be assigned to the International Frequency Registration Board in the light of the Atlantic City agreements.

Approximately 65 member countries of the ITU are expected to participate in the Extraordinary Administrative Radio Conference.

Inter-American ECOSOC: 2d Special Meeting

On August 17 the Department of State announced that Edward G. Miller, Jr., Assistant Secretary for Inter-American Affairs, Department of State, will serve as delegate and chairman of the U.S. delegation to the second special meeting of the Inter-American Economic and Social Council which will convene at Panamá on August 20. Albert F. Nufer, Director, Office of Middle American Affairs and acting U.S. representative on the Inter-American Economic and Social Council, will serve as alternate delegate and vice chairman. The other members of the U.S. delegation are:

Advisers

Willis C. Armstrong, Special Assistant, Office of International Materials Policy, Department of State
James C. Corliss, Adviser, Office of Regional American Affairs, Department of State
Claude Courand, Foreign Service Officer on detail to Department of Commerce
Joseph B. Costanzo, Deputy Public Affairs Adviser, Bureau of Inter-American Affairs, Department of State
John S. deBeers, Chief, Latin American Division, Office of International Finance, Department of the Treasury

Elizabeth S. Enochs, Chief, International Technical Mission, Social Security Administration, Federal Security Agency
Ethel B. Gilbert, Director, Industry Advisory Committees, Office of Price Stabilization
Ernest C. Jeppsen, Chief, Institute of Inter-American Affairs, Educational Field Party, Panama
Huntington T. Morse, Special Assistant to the Chairman, Federal Maritime Board
Charles P. Nolan, Officer-in-Charge, Transportation and Communications, Office of Regional American Affairs, Department of State
Malcolm Slaght, Director, Foreign Division, Policy Coordination Bureau, National Production Authority
Woodlief Thomas, Economic Adviser, Board of Governors, Federal Reserve System

Executive Secretary

Henry E. Allen, Division of International Conferences, Department of State

Technical Secretary

Robert M. Sayre, Office of Middle American Affairs, Department of State

Technical Assistant

Mary C. Johnston, Bureau of Inter-American Affairs, Department of State

Administrative Assistant

Gloria D. Kishpaugh, Division of International Conferences, Department of State

Agenda items for this meeting are price and monetary reserves, scarce raw materials and products, transportation, technical cooperation, social cooperation, and study of the working program of the Council for 1951-1952.

The first special meeting of the Inter-American Economic and Social Council was held at Washington, D. C., from March 20 to April 10, 1950.

Ninth Congress of Entomology

On August 13 the Department of State announced that the Ninth International Congress of Entomology will convene at Amsterdam, The Netherlands, from August 17-24, 1951. The United States delegation is as follows:

F. C. Bishopp, Ph.D., assistant chief (Research), Bureau of Entomology and Plant Quarantine, Agricultural Research Administration, Department of Agriculture
J. Chester Bradley, Ph.D., president, the Entomological Society of America; Professor of Entomology, Cornell University, Ithaca, N. Y.
Curtis W. Sabrosky, assistant leader of the Division of Insect Identification, Bureau of Entomology and Plant Quarantine, Department of Agriculture

A number of other American entomologists are planning to attend the meeting.

The principal purpose of this Congress, one in a triennial series which held its last meeting at Stockholm, Sweden, August 9-14, 1948, is to study and develop methods for preventing the spread of noxious insects. This meeting is of significance in view of the importance of insect control in the international food situation and the opportunity offered to appraise recent developments in the field of insect control both in this country and abroad.

Exhibition of Cinematographic Art

The Department of the State announced on August 17 that 30 countries are participating in the International Exhibition of Cinematographic Art which opened at Venice, Italy, on August 8 and which will continue until September 10. The purpose of the exhibition is to give public recognition to those films which demonstrate outstanding progress in the medium of artistic expression and cultural advancement.

Edward Mansfield Gunn, M. D., chief of the Medical Illustration Service, Armed Forces Institute of Pathology, is the U.S. representative at the exhibition. Henry L. Pitts, Jr., American consul at Venice, is serving as the alternate U.S. representative, and Joseph D. Ravotto, International Motion Picture Division, Department of State, is serving as adviser to the U.S. representative.

The U.S. exhibit consists of 19 films selected by the Interdepartmental Review Committee on Visual and Audio Materials, which is composed of representatives of all of the motion picture producing agencies of the Government. The films chosen were produced by the Departments of Agriculture, Commerce, Defense, the Interior, and State, the Federal Security Agency, and the Veterans Administration. The subjects which these films cover are agriculture, culture, health, medicine, natural resources, research, and science.

Edinburgh Film Festival

The Department of State announced on August 17 that Elliot A. Macklow, Chief, Visual Information Presentation Unit, Fish and Wildlife Service, Department of the Interior, will serve as United States delegate to the fifth Edinburgh Film Festival, which will be held at Edinburgh, Scotland, from August 19 to September 9, 1951. Twenty-eight countries, 23 organizations, and 5 press associations will participate in this festival.

This is the fifth of a series of film festivals held at Edinburgh dealing with realistic, documentary, and experimental films on a noncompetitive basis. The fourth festival took place from August 20 to September 10, 1950.

The United States exhibit consists of 17 motion picture films which have been forwarded to Edinburgh for selection by the festival authorities for inclusion in the program of the festival. These films, produced by the Departments of Agriculture, Defense, Interior, and State, were selected by the Interdepartmental Review Committee on Visual and Audio Materials, which is composed of representatives of all of the motion picture producing agencies of the Government. Among the varied subjects covered by these film selections are forest conservation, first aid, parachute testing, air evacuation, and scientific research projects.

August 27, 1951

International Materials Conference

Distribution of Tungsten and Molybdenum

The Tungsten-Molybdenum Committee of the International Materials Conference on August 4 released the text of a recommendation concerning the distribution of primary products of tungsten and molybdenum in the third quarter of 1951. This recommendation has been accepted unanimously by the members of the Committee and will now be implemented. The 11 countries represented on the Committee are Australia, Bolivia, Brazil, Chile, France, the Federal Republic of Germany, Portugal, Spain, Sweden, the United Kingdom, and the United States.

Following upon the recently approved plan of distribution for tungsten and molybdenum ores and concentrates for the third calendar quarter of 1951,¹ the Committee felt it necessary that there should be an understanding in regard to the supply of primary products of these two metals to those countries normally importing tungsten and molybdenum in this form (i.e. ferro-tungsten, tungsten powder, tungstic acid and tungsten salts, and ferro-molybdenum, molybdic acid, and molybdenum salts, including calcium-molybdate and molybdic oxide).

Following is the text of the adopted recommendation:

The Committee recommends that the consumers of ores and concentrates should continue the policy of exporting a proportion of their consumption as primary products, in accordance with accepted trade patterns. It is recommended that the total quantities of primary products so exported should be approximately proportionate to the provision for the export of primary products included in each country's stated requirements. The proportion should be the same as that to which the country's total civilian requirements are being met in the plan of distribution for the third calendar quarter as finally approved by the governments.

The above policy is recommended as a stopgap measure applying to the third calendar quarter of 1951. The Committee proposed to give further consideration to the problem of the distribution of primary products for subsequent periods.

Action on Kraft Pulp and Dissolving Pulp

The Pulp-Paper Committee of the International Materials Conference announced on August 13 that it has decided to recommend that no immediate action be taken by the IMC on kraft pulp and dissolving pulp. This decision was made on the basis of the information given in the replies to the questionnaires which had been sent out by the committee to all interested governments on May 18 and which were to be returned by June 22. Although questionnaires have not been returned by all of the governments, the information which has been received accounts for over 90 percent of the total production and consumption.

¹ BULLETIN of July 30, 1951, p. 192.

On kraft pulp, the committee found that the estimated deficit for 1951, as calculated from the information submitted by reporting countries in reply to the questionnaires, represents only about 1.3 percent of total expected production estimated at over 8 million tons, or approximately 9 percent of the availabilities of market pulp.

The recent establishment of ceiling prices in the United States, together with other measures taken to regulate the internal distribution of pulp in that country, will, in the opinion of the committee, result in increased supplies of kraft pulp becoming available, during the rest of 1951, to other consumer countries.

In view of these circumstances the committee has recommended to governments that no action need be taken by the Imc on kraft pulp at the present time.

Regarding dissolving pulp, the committee was concerned about the possible effects of the sulphur shortage on the future production of dissolving pulp. The position is not yet sufficiently clear to enable the committee to calculate the effects of this shortage.

Therefore, the committee has decided that no action should be taken by the Imc on dissolving pulp at the present time but that the position be further considered as soon as the effects of the sulphur shortage on dissolving pulp production can be more accurately estimated.

Fourteen countries are represented on the Pulp-Paper Committee. They are Australia, Austria, Belgium, Brazil, Canada, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

It will be recalled that the committee, in planning its work, had decided to consider newsprint first, kraft pulp and dissolving pulp next. In order to prevent any time lag after the newsprint problem will have been resolved, a statistical pulp subcommittee was established to compile data on kraft and dissolving pulps.

Communiqués Regarding Korea to the Security Council

The headquarters of the United Nations Command has transmitted communiqués regarding Korea to the Secretary-General of the United Nations under the following United Nations document numbers: S/2228, July 3; S/2253, July 19; S/2254, July 20; S/2257, July 23; S/2259, July 24; S/2261, July 25; S/2264, July 27; S/2267, July 30; S/2272, August 2; S/2273, August 2; S/2274, August 2; S/2276, August 3; S/2279, August 6; S/2282, August 7; S/2283, August 7; S/2286, August 8; S/2288, August 9; S/2292, August 14.

United Nations Documents: A Selected Bibliography¹

Economic and Social Council

- Decisions of the Council at its Tenth and Eleventh Sessions. Background Paper No. 53. Supplement No. 1, UNIES, May 17, 1951. 47 pp. mimeo.
- Report of the Commission on Human Rights (Seventh Session). E/1992, E/CN.4/640, May 24, 1951. 163 pp. mimeo.
- Annual Report of the Economic Commission for Europe (Thirteenth Session). Submitted by the Economic Commission for Europe to the Thirteenth Session of the Economic and Social Council. 16 June 1950—13 June 1951. E/2002, E/ECE/130, June 13, 1951. 73 pp. mimeo.
- Methods of International Financing of European Emigration (Thirteenth Session). Report by the Secretary-General. E/2019, June 18, 1951. 121 pp. mimeo.
- Full Employment. Analysis of Replies from Governments to the Full Employment Questionnaires Covering the Period 1950-51 (Thirteenth Session). Submitted under Resolutions 221 E (IX) and 290 (XI) of the Economic and Social Council. Report by the Secretary-General. E/2035/Add. 1, June 27, 1951. 61 pp. mimeo.
- Economic Development of Under-Developed Countries (Thirteenth Session). Volume and Distribution of National Income in Under-Developed Countries. Report by the Secretary-General. E/2041, June 28, 1951. 91 pp. mimeo.
- Report of the Committee on the Draft Convention on Freedom of Information (Thirteenth Session). Legal Problems Raised by Certain Amendments to the Draft Convention. Relevant Provisions of National Legislations and Extracts of Judicial Decisions Limiting Freedom of Information. E/2046/Add. 1, July 5, 1951. 41 pp. mimeo.

General Assembly

- Information from Nongoverning Territories: Summary and Analysis of Information (Sixth Session). Transmitted under Article 73e of the Charter by the Government of the United States of America. Report of the Secretary-General. A/1823, June 29, 1951. 46 pp. mimeo.

¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

The United Nations Secretariat has established an *Official Records* series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Atomic Energy Commission, which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Publications in the *Official Records* series will not be listed in this department as heretofore, but information on securing subscriptions to the series may be obtained from the International Documents Service.

The United States in the United Nations

A weekly feature, does not appear in this issue, but will be resumed in the issue of September 3.

THE FOREIGN SERVICE

Consular Offices

According to later information concerning the opening of the combined American consulate and U.S. Mission at Bari, Italy, these offices were not opened to the public on April 19, 1951, as announced in the *BULLETIN* of July 23, 1951, p. 1018.

Charles Robert Burrows to OAS

The Department of State announced on August 17 the appointment of Charles Robert Burrows as alternate to the U.S. representative on the Council of the Organization of American States.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Army Mission to Liberia. Treaties and Other International Acts Series 2171. Pub. 4097. 5 pp. 5¢.

Agreement between the United States and Liberia—signed at Washington Jan. 11, 1951; entered into force Jan. 11, 1951.

The Philippines: Early Years of the Republic. Far Eastern Series 42. Pub. 4239. 11 pp. 10¢.

A background summary of the Philippines with their struggle for freedom and basic problems.

Understanding the Schuman Plan. European and British Commonwealth Series 26. Pub. 4281. 4 pp. 5¢.

A background summary explaining the Schuman Plan or the European Coal and Steel Community as a basis for a new and peaceful Europe.

Burma: Outlines of a New Nation. Far Eastern Series 46. Pub. 4282. 8 pp. 5¢.

A background summary on Burma and its importance as part of the free world.

List of International Conferences and Meetings, July 1, 1951. International Organization and Conference Series I, 17. Pub. 4290. 66 pp. 30¢.

The *List*, issued quarterly, includes international conferences and meetings which are expected to be held during the period ending December 31, 1952.

The Partnership for Freedom. General Foreign Policy Series 61. Pub. 4304. 24 pp. 10¢.

A statement in support of the proposed mutual security program before the House Foreign Affairs Committee by Secretary of State Dean Acheson, June 26, 1951.

The Defense of Freedom. General Foreign Policy Series 62. Pub. 4305. 9 pp. Free.

Address by President Truman delivered at ceremonies commemorating the 175th Anniversary of the Declaration of Independence, Washington, D.C., July 4, 1951.

CORRECTION

In the *BULLETIN* of August 20, 1951, page 313, right-hand column, the head "Legislation" should read "Publications."

Check List of Department Press Releases: Aug. 13-19, 1951

Releases may be obtained from the Office of the Special Assistant for Press Relations, Department of State, Washington 25, D. C.

Number	Date	Subject
678	7/27	Looted Art Recovered
719	8/11	Labor Agreement—Mexico
720†	8/13	Acheson: World Youth
721	8/13	ITU: Radio Conf.
722*	8/13	Bennett: Message to Pakistan
723*	8/13	Exchange of Persons
724	8/13	9th Entomology Cong.
725*	8/14	Inter-American Ecosoc
726*	8/14	1st Anniversary of Pakistan
727	8/15	Dulles: Peace Conf. (excerpts)
728*	8/15	Miller: Cuba Day
729*	8/15	3d Anniversary of Korea
730	8/15	Japanese Peace Treaty
731	8/16	U.S., Philippines Treaty
732	8/16	U.S.S.R. to San Francisco Conf.
733	8/16	U.S., Iraq Agreement Signed
734	8/16	U.N. Oath Resolution (BULL. 8/20)
735*	8/17	1st Anniversary of Indonesia
736	8/17	Inter-American Ecosoc (U.S. del.)
737*	8/17	C. A. Livengood Retires
738	8/17	Edinburgh Film Festival
739	8/17	Cinematographic Art Exhibit
740*	8/17	Exchange of Persons
741*	8/17	Visitors to U.S.
742	8/17	Burrows: U.S. Rep. to OAS (rewrite)
743*	8/17	Dulles: Television of Peace Conf.

*Not printed in *BULLETIN*.

†Held for future issue of *BULLETIN*.

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